



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

Interim Report

20  
15



\* For identification purpose only

We See The Future



## CONTENTS

2	Corporate Information
3	Company Results
4	Resources and Reserves
5	Management Discussion and Analysis
13	Directors' Interest
15	Share Capital and Dividends
16	Employees and Welfare
17	Corporate Governance
18	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 the Financial Statements (Unaudited)

# CORPORATE INFORMATION

## EXECUTIVE DIRECTORS

Shi Wenfeng  
Guo Quan (appointed on 22 May 2015)  
Lu Xiaoping

## NON-EXECUTIVE DIRECTORS

Guo Haitang (*Chairman*)  
Zhou Chuanyou  
Hu Chengye

## INDEPENDENT NON-EXECUTIVE DIRECTORS

Chen Jianguo  
Wang Lijin  
Li Wing Sum, Steven

## SUPERVISORS

Wang Haibang (*Chairman*)  
Sun Baohui  
Guo Zhonglin  
Hu Zhijiang  
Yao Wenying (appointed on 22 May 2015)

## AUDIT COMMITTEE

Chen Jianguo (*Chairman*)  
Li Wing Sum, Steven  
Hu Chengye

## REMUNERATION AND REVIEW COMMITTEE

Chen Jianguo (*Chairman*)  
Shi Wenfeng  
Zhou Chuanyou  
Wang Lijin  
Li Wing Sum, Steven

## NOMINATION COMMITTEE

Guo Haitang (*Chairman*)  
Chen Jianguo  
Li Wing Sum, Steven

## STRATEGIC DEVELOPMENT COMMITTEE

Guo Haitang (*Chairman*)  
Shi Wenfeng  
Guo Quan  
Zhou Chuanyou  
Wang Lijin

## COMPANY SECRETARIES

Lam Cheuk Fai *FCCA, FCPA*  
Zhang Junjie

## AUTHORISED REPRESENTATIVES

Shi Wenfeng  
Lam Cheuk Fai  
Li Wing Sum, Steven (*Alternate*)

## REGISTERED OFFICE IN HONG KONG

6/F Nexxus Building  
41 Connaught Road Central  
Central, Hong Kong

## STATUTORY ADDRESS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

7/F Youse Building  
No. 4 You Hao North Road  
Urumqi  
Xinjiang

## LEGAL ADVISERS

Eversheds (Hong Kong law)  
Beijing Grandway Law Offices (PRC law)

## AUDITORS

International and PRC auditors  
PricewaterhouseCoopers Zhong Tian LLP

## H SHARE REGISTRAR IN HONG KONG

Computershare Hong Kong Investor Services Limited  
Shops 1712–1716, 17M Floor  
Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

## PUBLIC RELATIONS

Wonderful Sky Financial Group Limited

## COMPANY WEBSITE

kunlun.wsfg.hk

## 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 2015 (the “Period”), together with the unaudited consolidated operating results for the six months ended 30 June 2014 (“First Half of 2014” 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 RMB1,222.0 million, representing an increase of 7.3% as compared to that for the Same Period Last Year, mainly due to the fact that the sales of copper cathode of Xinjiang Wuxin Copper Mining Co., Ltd. (the “Wuxin Copper”), a subsidiary of the company, were consolidated during the Period, leading to a significant increase of 669.4% in the sales of copper cathode, the Group’s major products, as compared to that for the Same Period Last Year. The consolidated net loss attributable to equity holders of the Company was RMB251.8 million while the Group recorded consolidated net profit of RMB66.3 million in the Same Period Last Year. The Group turning profit into loss in the Period was mainly due to the fact that (1) as affected by the decrease in prices of nickel cathode and copper cathode in the international and domestic markets, the average selling prices of nickel cathode and copper cathode, both the major products of the Group, declined by approximately 11.4% and 11.8%, respectively, during the Period as compared with the Same Period Last Year; (2) Wuxin Copper recorded a net loss of RMB255.9 million during the Period as its 100,000-tonne copper cathode refining project, which was completed and put into operation in June 2014, is still at its preliminary operational phase and has not reached its designed capacity and standards, resulting in low efficiency in production and higher cost for producing copper cathode products. The loss was also affected by the decreases in market prices of the major products.

Basic loss per share attributable to equity holders of the Company amounted to RMB0.114 during the Period while the basic earnings per share amounted to RMB0.03 per share in the Same Period Last Year.

The Board does not recommend any payment of interim dividend for 2015.

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

\* *For identification purpose only*

## RESOURCES AND RESERVES

As at 30 June 2015, 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 (t)	Grade		Metal contents	
		Cu (%)	Ni (%)	Cu (t)	Ni (t)
<b>Resources as at 30 June 2015</b>					
Kalatongke nickel-copper mine	32,065,679	1.01	0.56	322,500	178,513
Three nickel-copper mines in Huangshandong, Huangshan and Xiangshan	82,403,460	0.27	0.45	224,382	369,493
<b>Total</b>	<b>114,469,139</b>			<b>546,882</b>	<b>548,006</b>
<b>Reserves as at 30 June 2015</b>					
Kalatongke nickel-copper mine	18,099,747	1.03	0.61	187,306	111,245
Three nickel-copper mines in Huangshandong, Huangshan and Xiangshan	32,495,814	0.30	0.49	98,661	160,093
<b>Total</b>	<b>50,595,561</b>			<b>285,967</b>	<b>271,338</b>

*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 2015, the resources estimates for the deposits of two vanadium mines in Xianghe Street and Mujia River, which are owned as to 51% by the Company, are set out in the following table:

	Ore contents (t)	V <sub>2</sub> O <sub>5</sub> Grade (%)	V <sub>2</sub> O <sub>5</sub> Contents (t)
<b>Resources as at 30 June 2015</b>			
Xianghe Street vanadium mine	10,159,400	0.95	96,300
Mujia River vanadium mine	29,295,500	0.88	257,800
<b>Total</b>	<b>39,454,900</b>		<b>354,100</b>

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

# MANAGEMENT DISCUSSION AND ANALYSIS

## MARKET REVIEW

During the Period, London Metal Exchange (“LME”) average three-month future price of nickel cathode was US\$13,777 per tonne (among which, US\$14,450 per tonne for the first quarter and US\$13,097 per tonne for the second quarter), representing a decrease of 17.1% from US\$16,610 per tonne for the Same Period Last Year. The average three-month future price of copper cathode was US\$5,930 per tonne (among which, US\$5,801 per tonne for the first quarter and US\$6,058 per tonne for the second quarter), representing a decrease of 13.8% from US\$6,881 per tonne for the Same Period Last Year.

During the Period, the average spot price (including tax) of nickel cathode in Shanghai Yangtze River Nonferrous Metals Spot Market was RMB102,362 per tonne (among which, RMB106,614 per tonne for the first quarter and RMB98,109 per tonne for the second quarter), representing a decrease of 8.7% from RMB112,114 per tonne for the Same Period Last Year. The average spot price (including tax) of copper cathode was RMB43,182 per tonne (among which, RMB42,277 per tonne for the first quarter and RMB44,087 per tonne for the second quarter), representing a decrease of 12.6% from RMB49,379 per tonne for the Same Period Last Year.

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

## BUSINESS REVIEW

During the Period, the consolidated revenue of the Group amounted to RMB1,222.0 million, representing an increase of 7.3% from RMB1,139.4 million for the Same Period Last Year. The consolidated net loss amounted to RMB338.9 million while the Group recorded consolidated net profit of RMB53.6 million in the Same Period Last Year. The consolidated net loss attributable to equity holders of the Company was RMB251.8 million as compared with the consolidated net profit of RMB66.3 million in the Same Period Last Year. Despite the increased consolidated revenue of the Company, the Group turned profit into loss during the Period, which was mainly due to the continuous decreases in the prices of nickel and copper in the first half of this year and the net loss of RMB255.9 million recorded by Wuxin Copper during the Period. Wuxin Copper recorded a significant loss as its 100,000-tonne copper cathode refining project, which was completed and put into operation in June 2014, is still at its preliminary operational phase and has not reached its designed capacity and standards, resulting in low efficiency in production and a high cost for producing copper cathode products.

During the Period, the Group produced 5,709 tonnes of nickel cathode, representing an increase of 7.8% as compared to 5,297 tonnes for the Same Period Last Year, and produced 26,748 tonnes of copper cathode (among which, Fukang Refinery of Xinjiang Xinxin Mining Industry Co., Ltd. produced 4,671 tonnes of copper cathode, and Wuxin Copper produced 22,077 tonnes of copper cathode), representing an increase of 598.4% as compared with 3,830 tonnes for the Same Period Last Year.

During the Period, the Group sold 1,351 tonnes of nickel cathode, representing a decrease of 86.0% as compared to 9,680 tonnes for the Same Period Last Year, and sold 25,181 tonnes of copper cathode, representing an increase of 669.4% from 3,273 tonnes for the Same Period Last Year. The increase in the sales volume of copper cathode was mainly due to the increase in the production volume during the Period and the decrease in the sales volume of nickel cathode was mainly due to the increase in the inventory of nickel cathode of the Company considering the continuous decrease in the price of nickel in the first half of the year.

During the Period, the average selling price of nickel cathode of the Group (excluding tax) was RMB87,886 per tonne, while the average selling price of copper cathode (excluding tax) was RMB36,955 per tonne.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROSPECTS AND COUNTERMEASURES

The Group expects that in the second half of 2015, the average market prices of nickel cathode and copper cathode in the domestic market can maintain at the same level as the average spot prices of Shanghai Yangtze River Non-ferrous Metals Spot Market in the second quarter of 2015, and the market may fluctuate slightly.

In the second half of 2015, the Group will continue to expand its production scale. The Group plans to produce 5,491 tonnes of nickel cathode, and 58,814 tonnes of copper cathode (among which, Fukang Refinery produces 4,085 tonnes and Wuxin Copper produces 54,729 tonnes). The Board would like to emphasize that due to the uncertainties in metal prices and the domestic raw materials market, the above plans were made solely on the basis of the current market situation and the existing conditions of the Group. The Board may adjust the relevant production plan according to the changes of the situation.

In the second half of 2015, the Group will endeavor to improve the production and processing technology of copper cathode of Wuxin Copper in order to reduce the unit production cost; for other projects that have been put into operation, the Group will continue to stabilize the production capacity and upgrade the level of the processing technology, to strengthen the management, to improve the recycle rate of metal, and to reduce the production costs, with an aim at improving the operational efficiency and economic benefits of the Group.

## MINERAL EXPLORATION, MINE DEVELOPMENT AND ORE MINING ACTIVITIES

### Mineral Exploration

During the Period, Kalatongke Mining, a wholly-owned subsidiary of the Company, mainly carried out the exploration for the production of No.3 mineral deposit. Based on the detailed survey of the original No. 3 mineral deposit, technological renovation project was applied to conduct exploration with the spacing of 50 x 25 ~ 35 meters for production at 410 meters level and 530 meters level. A total of 7,518.0 meters of drilling in pit was completed, including 5,875.9 meters at 410 meter level and 1,642.1 meters at 530 meters level. Based on the interpretation results of geophysical prospecting and the comprehensive geological research, the exploration at the deeper and boundary area was carried out by drilling and examining the deeper area along No. 3 line in the west section of No. 2 mine deposit by using the tunnel at 260 meters level, and completed 1,211.5 meters of drilling in pit (deep hole). Xinjiang Yakesi and Hami Jubao primarily completed 1,492.18 meters of drilling in pit (including 355.6 meters of deep drilling in pit) and 715.42 meters of borehole.

During the Period, the Group's mineral exploration expenditure amounted to RMB3.4 million.

### Mine Development

During the Period, Kalatongke Mining completed certain mining development projects, including the excavation of 1,260 meters for mining, 120 meters of raise as well as the excavation of 1,292 meters for the later stage of the mining expansion project. Xinjiang Yakesi completed certain mining development projects for the mid-section of 150,250,350,450 and 530 for No. 30 ore body of Huangshanxi, including the excavation of 2,736 meters of various tunnels, and pouring of 2,842 cubic meters of various chambers.

During the Period, the Group's total expenditure for the mine development and construction amounted to RMB84.6 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Ore Mining

During the Period, Kalatongke Mining produced 386,361 tonnes of ores. Xinjiang Yakesi and Hami Jubao produced 393,892 tonnes of ores.

During the Period, the aggregate expenditure on the ore mining operation of the Group was RMB148.0 million.

## FINANCIAL REVIEW AND ANALYSIS

### Revenue and gross profit

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

Product Name	For the period ended 30 June 2015			For the period ended 30 June 2014		
	Sales Volume Tonnes	Amount RMB'000	% to Revenue	Sales Volume Tonnes	Amount RMB'000	% to Revenue
Nickel cathode	1,351	118,723	9.7%	9,680	960,549	84.3%
Copper cathode	25,181	930,564	76.1%	3,273	137,129	12.0%
Copper cathode – Fukang Refinery	4,027	146,934	12.0%	3,273	137,129	12.0%
Copper cathode – Wuxin Copper	21,154	783,630	64.1%		–	0.0%
Copper concentrate	–	–	0.0%	877	4,256	0.4%
Anode slime	120	131,026	10.7%		–	0.0%
Other products		41,731	3.5%		37,461	3.3%
Total revenue		1,222,044	100.0%		1,139,394	100.0%
Cost of sales		(1,306,589)	106.9%		(944,599)	82.9%
Included: Nickel cathode		(116,188)			(804,447)	
Copper cathode – Fukang Refinery		(113,142)			(116,897)	
Copper cathode – Wuxin Copper		(892,480)			–	
Copper concentrate		–			(1,424)	
Anode slime		(129,466)			–	
Other products		(55,313)			(21,831)	
Gross (loss)/profit		(84,545)	(6.9%)		194,795	17.1%

During the Period, the revenue from nickel cathode of the Group decreased by 87.6% to RMB118.7 million as compared to that in the Same Period Last Year. The average selling price of nickel cathode was RMB87,886 per tonne, representing a decrease of 11.4% as compared with that of the Same Period Last Year. The sales volume of nickel cathode decreased by 86% to 1,351 tonnes as compared with that of the Same Period Last Year. The significant decrease in revenue was mainly due to the fact that given the continuous decrease in market price of nickel cathode in the first half of this year, the Company increased its inventory of nickel cathode which will be sold when the price rebounds.



# MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the revenue of copper cathode of the Group increased by 578.6% to RMB137.1 million as compared to that in the Same Period Last Year. The average selling price of copper cathode decreased by 11.8% to RMB36,955 per tonne as compared to the Same Period Last Year. The sales volume of copper cathode of the Group increased by 669.4% to 25,181 tonnes as compared to the Same Period Last Year. The increase in revenue was mainly due to the growth of sales volume contributed by copper cathode produced by Wuxin Copper in the first half of this year.

During the Period, the Group's revenue from sales of anode slimes amounted to RMB131.0 million with an average selling price of RMB1,091.883 per tonne and a sales volume of 120 tonnes, while no anode slimes were produced by Wuxin Copper during the Same Period Last Year.

During the Period, all the copper concentrates of the Group were supplied to Wuxin Copper for the production of copper cathode without any external sales. The revenue from external sales of copper concentrate amounted to RMB4.3 million in the Same Period Last year.

During the Period, the revenue from the sales of other products of the Group increased by 11.4% to RMB41.7 million as compared to the Same Period Last Year. The increase in revenue was due to the increase in the sales volume of vitriol during the Period.

During the Period, the unit cost of sales of nickel cathode of the Group increased by approximately 3.5% to RMB86,002 per tonne as compared to the Same Period Last Year, mainly attributable to the adjustment on the apportionment of the cost of raw material.

During the Period, the unit cost of sales of copper cathode of the Group increased by approximately 11.8% as compared to the Same Period Last Year to RMB39,936 per tonne. Among which, the unit cost of Fukang Refinery decreased by 21.3% to RMB28,096 per tonne while Wuxin Copper had a high unit cost of RMB42,189 per tonne during the Period as it is still at its preliminary operational phase with low operating efficiency.

During the Period, the Group recorded gross loss of RMB84.5 million while the the Group recorded gross profit amounted to RMB194.8 million in the Same Period Last Year. It was mainly because the gross profit of nickel cathode decreased by 98.4% due to its low selling price during the Period and the gross profit of copper cathode recorded as gross loss due to the high production cost as Wuxin Copper is still at its preliminary operational phase.

## Sales and marketing costs

During the Period, sales and marketing costs of the Group was RMB34.8 million, representing an increase of 236.3% as compared to the Same Period Last Year, mainly due to an increase of approximately 6.7 times in the sales volume of copper cathode as compared to the Same Period Last Year.

## Administrative expenses

During the Period, the administrative expense of the Group increased by 22.3% to RMB80.2 million as compared to that in the Same Period Last Year, mainly due to the increases in depreciation and property and related taxes as a result of the commencement of the utilization of Wuxin Copper construction projects as compared to the Same Period Last Year.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Finance expenses-net

Finance expenses-net of the Group for the Period increased to RMB119.1 million as compared to that for the Same Period Last Year of RMB49.7 million, mainly due to the expenditure of interest arising from the loan attributable to the fixed assets of Yakesi and Wuxin Copper which were transferred from the project under construction during the Period.

## Investment losses

Investment losses of the Group for the Period decreased to RMB8.3 million from RMB17.8 million of the Same Period Last Year, mainly due to the share of loss of a joint venture, Hami Hexin Mining Co., Ltd. ("Hexin Mining"), for the first half of year of RMB9.4 million, and the profit arising from the settlement of part of the futures contracts during the Period of RMB1.1 million, while the disposal of futures contracts recorded a loss of RMB16.2 million during the Same Period Last Year.

## Financial position

The consolidated balance sheet of the Group remains strong. As at 30 June 2015, owners' equity decreased by 6.0% to RMB5,261.1 million as compared to 31 December 2014. As at 30 June 2015, total assets decreased by 0.4% to RMB11,843.2 million as compared to 31 December 2014, mainly due to the operating loss during the period.

For the six months ended 30 June 2015, the Group's net cash inflow generated from operating activities was RMB282.1 million, representing an increase of RMB375.6 million as compared to its net cash outflow in the Same Period Last Year, primarily due to the sales of copper cathode products by Wuxin Copper. Net cash outflow generated from investing activities of RMB117.5 million mainly consisted of the payments for the equipment and project expenses in relation to various technology renovation and expansion projects of the Group. Net cash outflow from financing activities of RMB222.7 million mainly consisted of the payments of bank borrowings and interest.

## LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2015, the Group had total cash and cash equivalents amounting to RMB500.6 million, and those as at 31 December 2014 were RMB558.6 million.

	As at 30 June 2015	As at 31 December 2014
Current Ratio (Times)	1.0	1.1
Gearing Ratio (Total borrowings/total assets)	37.0%	37.1%

As at 30 June 2015, the aggregate amount of borrowings of the Group was RMB4,380.5 million, of which, the proceeds from the issuance of medium-term notes of the Company was RMB500.0 million, the working capital, technological renovation and expansion projects borrowings by Xinjiang Yakesi was RMB707.5 million (including gold lease financing of RMB45.0 million), the working capital and infrastructure projects borrowings by a controlling subsidiary of the Company, Wuxin Copper, was RMB2,437.2 million (including gold lease financing of RMB403.5 million), the working capital borrowings by Kalatongke Mining was RMB689.2 million (including gold lease financing of RMB189.2 million), and the interest-free borrowings by Beijing Xinding Shunze High Technology Co., Ltd., a wholly-owned subsidiary of the Company, from Non-ferrous Group was RMB50.0 million (as at 30 June 2015, the provision made for discounted interest was RMB3.4 million).

# MANAGEMENT DISCUSSION AND ANALYSIS

As at 30 June 2015, the Group's total borrowings amounted to RMB4,380.5 million (31 December 2014: RMB4,451.0 million), including floating rate borrowings amounted to RMB1,128.5 million (31 December 2014: RMB1,916.5 million), fixed rate borrowings amounted to RMB2,067.8 million (31 December 2014: RMB1,337.5 million), gold lease financing amounted to RMB637.6 million (31 December 2014: RMB651.2 million), bond payable amounted to RMB500.0 million (31 December 2014: RMB500.0 million) and the discounted interest-free loan amounted to RMB46.6 million (31 December 2014: RMB45.8 million). Out of the total borrowings, secured borrowings amounted to RMB523.2 million (31 December 2014: RMB500.7 million) and unsecured borrowings amounted to RMB3,857.3 million (31 December 2014: RMB3,950.3 million).

## COMMODITY PRICE RISK

The prices of the Group's products are impacted by their international and domestic price markets and changes in global supply and demand for such products. Price volatility of non-ferrous metals is also affected by the global and the PRC economic cycle as well as the fluctuations of the global currency markets. Both the international and domestic market prices of non-ferrous metals as well as the volatility of supply and demand are beyond the control of the Company. Therefore, the volatility of commodity prices may materially affect the revenue and profit 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 results of operation. Renminbi is not a freely convertible currency and the conversion of Renminbi to a basket of currencies may involve fluctuations. In light of further actions and measures adopted for free transactions of Renminbi by the PRC government, fluctuations in exchange rates may adversely affect the value, translated or converted into Hong Kong dollars, of the Group's net assets, earnings and any dividends declared by the Company.

## FINANCIAL INSTRUMENT AND RISK

The Group's activities are exposed to a variety of financial risks: market risk (primarily interest rate 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. Please refer to note 12 to the unaudited consolidated interim financial statements of the Group for details.

# MANAGEMENT DISCUSSION AND ANALYSIS

## 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 2015, a restricted cash of RMB231.3 million out of the cash of the Group (including cash in bank and on hand) was set aside as the security for issuing bank acceptance notes and other purposes. Wuxin Copper, a subsidiary of the Company, entered into two mortgage agreements with the banks in 2014 in respect of the pledge of copper concentrate inventories with value of RMB308.8 million for securing the bank borrowings of RMB200.0 million. As at 30 June 2015, such bank borrowings were not repaid. During the period, Wuxin Copper entered into a gold lease contract with the banks in respect of the pledge of copper concentrate inventories with value of RMB151.2 million for securing the gold lease of approximately RMB95.2 million. In 2014, Wuxin Copper entered into another mortgage agreement with the bank to obtain bank borrowings in relation to the pledge of the industrial plant and the land use right with an aggregate net book value of RMB1,238.3 million as at 30 June 2015 and the bank borrowings balance was RMB228.0 million as at 30 June 2015.

Save as disclosed, there were no other charges or pledges of assets in the Group as at 30 June 2015.

## MATERIAL LITIGATION

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

## 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 2015.

## MAJOR ACQUISITIONS AND DISPOSAL

During the period, the Group had no major acquisition and disposal of assets.

## 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 conditions of the Group's capital expenditure as well as the ratio of the capital expenditure of each operation over total capital expenditure based on various categories of operations for the Period:

	Six months ended 30 June 2015	
	RMB'000	Percentage %
Mining, ore processing and smelting and complementary operations in Kalatongke Mining	32,652	21.7%
Refining and complementary operations in Fukang Refinery of Xinjiang Xinxin Mining Industry Co., Ltd.	2,118	1.4%
Mining and ore processing operations in Xinjiang Yakesi	56,968	37.9%
Mining operation in Hami Jubao	4,751	3.2%
Smelting and complementary operations of Xinjiang Zhongxin Mining Company Limited	2,200	1.5%
Smelting operation of Wuxin Copper with capacity of 100,000 tonnes	38,380	25.5%
Research and development of non-ferrous metal industrial products and storage base project of Beijing Xinding	13,327	8.8%
	<b>150,396</b>	<b>100%</b>

## USE OF PROCEEDS

As approved by the shareholders at the annual general meeting of the Company on 22 May 2015, the use of the proceeds from the global offering in the sum of approximately RMB 165.5 million were adjusted to be used as working capital of the Company. Please refer to the circular of the company dated 27 March 2015 for details of the adjustments. As at 30 June 2015, the proceeds from the global offering of the Company were fully used up.

## COMMITMENTS

Commitments of the Group as at 30 June 2015 are disclosed in Note 9 to the unaudited consolidated interim financial statements.

## DIRECTORS' INTEREST

### DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACT

As at 30 June 2015, 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 2015, 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			Classes of share	Percentage of aggregate interests to relevant class of share	Percentage of aggregate interests to the total share capital
	Personal interest	Corporate interests	Total interests			
Zhou Chuanyou		480,924,000	480,924,000	Domestic share (Note 1)	33.14	21.76

Note 1: The domestic shares are held by Shanghai Yilian 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.

Save as disclosed above, none of the directors and supervisors of the Company or their respective associates had, as at 30 June 2015, 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' INTEREST**

### **SHARE APPRECIATION RIGHTS INCENTIVE SCHEME**

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

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

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

There were no share appreciation rights allocated and outstanding as at 30 June 2015.

### **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 2015 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 2015, the persons or companies (other than a director or supervisor of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

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

(L) = Long positions

Note: The entire shareholdings/equity interests of Shanghai Yilian and Zhongjin Investment are beneficially owned by Mr. Zhou Chuanyou.

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

Save as disclosed above, as at 30 June 2015, 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 2015 (Nil for 2014).



## EMPLOYEES AND WELFARE

As at 30 June 2015, the Group had a total of 3,925 employees. Breakdowns by functions and divisions are as follows:

<b>Division</b>	<b>Employees</b>	<b>Total</b> <i>(In percentage)</i>
Management and administration	219	5.6%
Engineering technician	569	14.5%
Production staff	2,348	59.8%
Repair and maintenance	567	14.5%
Inspection	198	5.0%
Sales	24	0.6%
	<b>3,925</b>	<b>100.0%</b>

The remuneration package of the Group's employees includes salary, bonuses and allowances. The Group has participated in the social insurance contribution plans organised by local governments in the PRC. In accordance with the relevant national and local labour and social welfare laws and regulations, the Group is required to pay on behalf of its employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing provident funds. According to the currently applicable local regulations, the respective percentages of the pension insurance, medical insurance, unemployment insurance and housing provident funds which the Group must contribute are 20%, 6%–9%, 1.5%–2% and 12%, respectively, of its employees' total monthly basic salary. The Group also contributes 0.5%–2.88% of its employees' total monthly basic salary for occupational injury insurance and 0.6%–1% 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 three executive directors, three non-executive directors and three independent non-executive directors. During the Period, the Board convened two meetings (with an attendance rate of 14/17).

## SUPERVISORY COMMITTEE

The Company has a supervisory committee comprising five Supervisors to exercise supervision over the Board and its members and the senior management, preventing them from abusing their authorities and jeopardizing the legal interests of the Company, its shareholders and its employees. The supervisory committee convened one meeting during the Period (with an attendance rate of 3/4).

## MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

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

## 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. Chen Jianguo and Mr. Li Wing Sum Steven, with Mr. Chen Jianguo serving as the Chairman. The Audit Committee has reviewed the unaudited financial results of the Group for the Period and considered that they are in compliance with the relevant accounting standards, and that the Company has made appropriate disclosure in this report.

By Order of the Board  
**Xinjiang Xinxin Mining Industry Co., Ltd.\***  
**Guo Haitang**  
*Chairman*

Xinjiang, the PRC, 21 August 2015

\* For identification purpose only

# CONSOLIDATED AND COMPANY BALANCE SHEETS (UNAUDITED)

AS AT 30 JUNE 2015

(All amounts in RMB Yuan unless otherwise stated)

ASSETS	Note	30 June 2015 Consolidated (unaudited)	31 December 2014 Consolidated (audited)	30 June 2015 Company (unaudited)	31 December 2014 Company (audited)
<b>Current assets</b>					
Cash at bank and on hand	4(1)/15(1)	731,820,478.63	737,212,663.38	328,380,161.96	398,009,698.40
Financial assets at fair value through profit or loss	4(2)	981,050.00	–	–	–
Notes receivable	4(3)/15(2)	110,431,719.24	228,980,597.49	105,681,719.24	228,980,597.49
Accounts receivable	4(4)/15(3)	79,303,396.82	87,259,200.68	71,252,751.87	16,174,103.68
Other receivables	4(5)/15(4)	63,391,352.50	55,937,245.51	276,635,890.59	290,377,594.50
Advances to suppliers	4(6)/15(5)	205,486,733.70	97,617,351.71	451,802,347.63	426,285,712.04
Inventories	4(7)/15(6)	2,633,215,939.83	2,646,364,635.19	1,425,585,896.72	1,112,625,279.31
Other current assets	4(8)/15(7)	366,532,102.20	382,510,277.41	105,999,616.25	66,431,430.60
<b>Total current assets</b>		<b>4,191,162,772.92</b>	<b>4,235,881,971.37</b>	<b>2,765,338,384.26</b>	<b>2,538,884,416.02</b>
<b>Non-current assets</b>					
Long-term equity investments	4(10)/15(8)	145,884,223.41	156,008,153.98	3,043,815,644.28	3,053,939,574.85
Fixed assets	4(11)/15(9)	4,983,478,474.24	5,063,292,696.13	518,972,249.02	542,222,811.18
Construction materials	4(12)	772,194.43	1,821,074.60	–	–
Construction in progress	4(13)	1,343,591,187.14	1,252,643,186.91	15,794,827.70	15,178,618.20
Intangible assets	4(14)/15(10)	1,019,136,139.39	1,013,815,096.78	48,747,049.90	34,692,712.34
Goodwill	4(15)	28,087,550.20	28,087,550.20	–	–
Long-term prepaid expenses		110,675.42	132,545.42	–	–
Deferred tax assets	4(32)	54,992,878.37	44,044,780.92	5,967,549.02	795,381.44
Other non-current assets	4(16)	76,000,000.00	90,110,000.00	–	14,110,000.00
<b>Total non-current assets</b>		<b>7,652,053,322.60</b>	<b>7,649,955,084.94</b>	<b>3,633,297,319.92</b>	<b>3,660,939,098.01</b>
<b>TOTAL ASSETS</b>		<b>11,843,216,095.52</b>	<b>11,885,837,056.31</b>	<b>6,398,635,704.18</b>	<b>6,199,823,514.03</b>

## CONSOLIDATED AND COMPANY BALANCE SHEETS (UNAUDITED) (CONTINUED)

AS AT 30 JUNE 2015

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND OWNERS' EQUITY	Note	30 June 2015 Consolidated (unaudited)	31 December 2014 Consolidated (audited)	30 June 2015 Company (unaudited)	31 December 2014 Company (audited)
<b>Current liabilities</b>					
Short-term borrowings	4(28)(b)	1,170,000,000.00	1,116,500,000.00	-	-
Financial liabilities at fair value through profit or loss	4(18)	637,646,119.00	651,243,670.00	-	-
Notes payable	4(19)	710,998,400.00	536,675,669.66	291,000,000.00	50,000,000.00
Accounts payable	4(20)/15(12)	606,602,351.35	514,075,601.30	26,234,253.76	30,173,384.50
Advances from customers	4(21)/15(13)	123,598,480.09	18,646,187.59	35,885,231.43	15,460,877.42
Employee benefits payable	4(22)/15(14)	53,779,817.29	52,353,108.53	16,372,990.02	18,716,409.44
Taxes payable	4(23)/15(15)	19,142,482.08	10,889,279.85	4,070,986.34	5,046,915.74
Interest payable	4(24)/15(16)	18,390,381.54	36,414,233.64	12,776,986.28	30,723,287.66
Other payables	4(25)/15(17)	468,646,634.49	466,781,074.54	70,665,793.52	61,041,295.99
Current portion of non-current liabilities	4(27)	381,450,000.00	502,020,000.00	-	-
<b>Total current liabilities</b>		<b>4,190,254,665.84</b>	<b>3,905,598,825.11</b>	<b>457,006,241.35</b>	<b>211,162,170.75</b>
<b>Non-current liabilities</b>					
Provisions	4(26)	7,486,286.27	7,021,778.10	-	-
Long-term borrowings	4(28)(a)	1,644,760,000.00	1,635,463,988.95	-	-
Bonds payable	4(29)	500,000,000.00	500,000,000.00	500,000,000.00	500,000,000.00
Long-term payables	4(30)	46,625,074.02	45,815,570.76	-	-
Deferred income	4(31)	51,455,670.55	52,585,559.19	817,780.00	848,446.00
Deferred tax liabilities	4(32)	141,505,021.79	140,510,508.19	-	-
<b>Total non-current liabilities</b>		<b>2,391,832,052.63</b>	<b>2,381,397,405.19</b>	<b>500,817,780.00</b>	<b>500,848,446.00</b>
<b>TOTAL LIABILITIES</b>		<b>6,582,086,718.47</b>	<b>6,286,996,230.30</b>	<b>957,824,021.35</b>	<b>712,010,616.75</b>

## CONSOLIDATED AND COMPANY BALANCE SHEETS (UNAUDITED) (CONTINUED)

AS AT 30 JUNE 2015

(All amounts in RMB Yuan unless otherwise stated)

LIABILITIES AND OWNERS' EQUITY	Note	30 June 2015 Consolidated (unaudited)	31 December 2014 Consolidated (audited)	30 June 2015 Company (unaudited)	31 December 2014 Company (audited)
<b>Owners' equity</b>					
Share capital	4(33)	552,500,000.00	552,500,000.00	552,500,000.00	552,500,000.00
Capital surplus	4(34)	4,254,754,857.49	4,254,754,857.49	4,254,754,857.49	4,254,754,857.49
Specific reserve	4(35)	1,454,831.87	227,157.17	-	-
Surplus reserve	4(36)	249,625,789.74	249,625,789.74	249,625,789.74	249,625,789.74
Undistributed profits	4(37)	4,911,839.81	256,711,684.04	383,931,035.60	430,932,250.05
<b>Total equity attributable to equity holders of the Company</b>		<b>5,063,247,318.91</b>	<b>5,313,819,488.44</b>	<b>5,440,811,682.83</b>	<b>5,487,812,897.28</b>
<b>Non-controlling interests</b>	5(1)	<b>197,882,058.14</b>	<b>285,021,337.57</b>	<b>-</b>	<b>-</b>
<b>Total owners' equity</b>		<b>5,261,129,377.05</b>	<b>5,598,840,826.01</b>	<b>5,440,811,682.83</b>	<b>5,487,812,897.28</b>
<b>TOTAL LIABILITIES AND OWNERS' EQUITY</b>		<b>11,843,216,095.52</b>	<b>11,885,837,056.31</b>	<b>6,398,635,704.18</b>	<b>6,199,823,514.03</b>

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

Legal representative:  
**Guo Haitang**

Principal in charge of accounting:  
**He Hongfeng**

Head of accounting department:  
**Li Jianhua**

# CONSOLIDATED AND COMPANY INCOME STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

	Note	Six months ended 30 June 2015 Consolidated (unaudited)	Six months ended 30 June 2014 Consolidated (unaudited)	Six months ended 30 June 2015 Company (unaudited)	Six months ended 30 June 2014 Company (unaudited)
<b>1. Revenue</b>	4(38)/15(18)	<b>1,222,044,251.06</b>	1,139,394,197.99	<b>275,654,729.79</b>	1,113,542,364.90
Less: Cost of sales	4(38)/15(18)	(1,306,589,464.11)	(944,598,576.51)	(271,696,085.53)	(994,154,664.30)
Taxes and surcharges	4(40)	(4,434,050.96)	(7,193,627.21)	(109,320.33)	(1,061,568.91)
Selling and distribution expenses	4(41)	(34,783,850.50)	(10,342,050.51)	(1,790,323.59)	(8,330,126.07)
General and administrative expenses	4(42)	(80,187,170.04)	(65,581,880.63)	(19,410,461.13)	(19,084,844.14)
Financial expenses – net	4(43)/15(19)	(119,082,421.54)	(49,654,128.31)	(17,281,594.52)	(21,984,741.67)
Asset impairment (losses)/reversal	4(17)/4(44)/ 15(11)	(11,777,607.09)	10,473,786.73	(22,320.06)	40,216,430.18
Add: Gains/(losses) on the changes in fair value	4(45)	1,043,050.00	(961,500.00)	–	–
Investment (losses)/income	4(46)/15(21)	(8,304,432.85)	(17,766,682.53)	(10,123,930.57)	97,315,718.91
Including: Share of (losses)/profit of joint venture		(9,383,329.10)	(1,571,953.89)	(10,123,930.57)	2,488,070.43
<b>2. Operating (loss)/profit</b>		<b>(342,071,696.03)</b>	53,769,539.02	<b>(44,779,305.94)</b>	206,458,568.90
Add: Non-operating income	4(47)	2,957,162.76	2,205,070.08	355,866.00	109,967.00
Less: Non-operating expenses	4(48)	(611,613.99)	(459,935.95)	(134,964.81)	(105,670.03)
Including: Losses on disposal of non-current assets		(55,208.82)	–	(5,603.40)	–
<b>3. Total (loss)/profit</b>		<b>(339,726,147.26)</b>	55,514,673.15	<b>(44,558,404.75)</b>	206,462,865.87
Less: Income tax expenses	4(49)/15(22)	786,836.55	(1,943,055.18)	(2,442,809.70)	(2,738,730.11)
<b>4. Net (loss)/profit</b>		<b>(338,939,310.71)</b>	53,571,617.97	<b>(47,001,214.45)</b>	203,724,135.76
Attributable to equity holders of the Company		(251,799,844.23)	66,287,044.76	(47,001,214.45)	203,724,135.76
Non-controlling interests	5(1)	(87,139,466.48)	(12,715,426.79)	–	–

## CONSOLIDATED AND COMPANY INCOME STATEMENTS (UNAUDITED) (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

	Note	Six months ended 30 June 2015 Consolidated (unaudited)	Six months ended 30 June 2014 Consolidated (unaudited)	Six months ended 30 June 2015 Company (unaudited)	Six months ended 30 June 2014 Company (unaudited)
<b>5. Other comprehensive income after tax</b>		-	-	-	-
<b>6. Total comprehensive (losses)/income</b>		(338,939,310.71)	53,571,617.97	(47,001,214.45)	203,724,135.76
Attributable to equity holders of the Company		(251,799,844.23)	66,287,044.76	(47,001,214.45)	203,724,135.76
Non-controlling interests		(87,139,466.48)	(12,715,426.79)	-	-
<b>7. (Loss)/earnings per share</b>					
Basic (loss)/earnings per share	4(50)	(0.114)	0.03	-	-
Diluted (loss)/earnings per share	4(50)	(0.114)	0.03	-	-

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

Legal representative:  
**Guo Haitang**

Principal in charge of accounting:  
**He Hongfeng**

Head of accounting department:  
**Li Jianhua**

Proposed dividend	4(37)	-	-	-	-
-------------------	-------	---	---	---	---

# CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

Note	Six months ended 30 June 2015 Consolidated (unaudited)	Six months ended 30 June 2014 Consolidated (unaudited)	Six months ended 30 June 2015 Company (unaudited)	Six months ended 30 June 2014 Company (unaudited)
<b>1. Cash flows from operating activities</b>				
	1,625,603,610.18	1,116,838,937.20	409,018,724.29	839,315,663.95
Cash received from sales of goods				
Cash received relating to other operating activities	4(51)(a) 12,543,207.64	35,309,637.71	16,147,825.12	121,296,901.64
<b>Sub-total of cash inflows from operating activities</b>	<b>1,638,146,817.82</b>	<b>1,152,148,574.91</b>	<b>425,166,549.41</b>	<b>960,612,565.59</b>
Cash paid for goods and services	(1,007,950,759.12)	(958,942,153.78)	(393,464,224.25)	(1,187,374,154.54)
Cash paid to and on behalf of employees	(168,466,319.94)	(168,342,045.73)	(51,736,643.00)	(51,568,208.07)
Payments of taxes and surcharges	(78,331,523.38)	(95,786,794.40)	(11,383,190.10)	(7,942,436.74)
Cash paid relating to other operating activities	4(51)(b) (101,078,904.58)	(22,564,680.06)	(55,393,887.67)	(17,162,446.62)
<b>Sub-total of cash outflows from operating activities</b>	<b>(1,355,827,507.02)</b>	<b>(1,245,635,673.97)</b>	<b>(511,977,945.02)</b>	<b>(1,264,047,245.97)</b>
<b>Net cash flows generated from/(used in) operating activities</b>	<b>282,319,310.80</b>	<b>(93,487,099.06)</b>	<b>(86,811,395.61)</b>	<b>(303,434,680.38)</b>
<b>2. Cash flows from investing activities</b>				
Cash received from returns on investments	8,000,000.00	-	-	-
Cash received from disposal of fixed assets	-	765,503.90	-	-
Cash received from withdrawal of deposit from future contracts	27,000,000.00	8,000,000.00	-	-
Dividends received from subsidiaries	-	-	-	94,827,648.48
<b>Sub-total of cash inflows from investing activities</b>	<b>35,000,000.00</b>	<b>8,765,503.90</b>	<b>-</b>	<b>94,827,648.48</b>
Cash paid to acquire fixed assets and other long-term assets	(132,513,499.27)	(256,905,740.44)	(2,218,140.83)	(7,187,647.94)
Payments of deposit for future contracts	(20,220,570.08)	(25,000,000.00)	-	-
<b>Sub-total of cash outflows from investing activities</b>	<b>(152,734,069.35)</b>	<b>(281,905,740.44)</b>	<b>(2,218,140.83)</b>	<b>(7,187,647.94)</b>
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(117,734,069.35)</b>	<b>(273,140,236.54)</b>	<b>(2,218,140.83)</b>	<b>87,640,000.54</b>



## CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS (UNAUDITED) (CONTINUED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

	Note	Six months ended 30 June 2015 Consolidated (unaudited)	Six months ended 30 June 2014 Consolidated (unaudited)	Six months ended 30 June 2015 Company (unaudited)	Six months ended 30 June 2014 Company (unaudited)
<b>3. Cash flows from financing activities</b>					
Cash received from borrowings		584,214,280.37	1,454,239,097.39	–	580,000,000.00
<b>Sub-total of cash inflows from financing activities</b>		<b>584,214,280.37</b>	<b>1,454,239,097.39</b>	<b>–</b>	<b>580,000,000.00</b>
Cash repayments of borrowings		(649,928,340.00)	(1,028,435,982.36)	–	(290,000,000.00)
Cash payments for interest expenses		(155,780,379.32)	(138,065,381.02)	(35,600,000.00)	(10,268,000.61)
Cash paid relating to other financing activities		(1,158,275.39)	–	–	–
<b>Sub-total of cash outflows from financing activities</b>		<b>(806,866,994.71)</b>	<b>(1,166,501,363.38)</b>	<b>(35,600,000.00)</b>	<b>(300,268,000.61)</b>
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(222,652,714.34)</b>	<b>287,737,734.01</b>	<b>(35,600,000.00)</b>	<b>279,731,999.39</b>
<b>4. Net (decrease)/increase in cash and cash equivalents</b>	4(52)(a)/ 15(23)(a)	<b>(58,067,472.89)</b>	<b>(78,889,601.59)</b>	<b>(124,629,536.44)</b>	<b>63,937,319.55</b>
Add: Cash and cash equivalents at beginning of period	4(52)(a)/ 15(23)(a)	<b>558,623,508.86</b>	<b>577,907,940.25</b>	<b>392,438,367.47</b>	<b>293,749,971.33</b>
<b>5. Cash and cash equivalents at end of period</b>	4(52)(b)/ 15(23)(b)	<b>500,556,035.97</b>	<b>499,018,338.66</b>	<b>267,808,831.03</b>	<b>357,687,290.88</b>

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

Legal representative:  
**Guo Haitang**

Principal in charge of accounting:  
**He Hongfeng**

Head of accounting department:  
**Li Jianhua**

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

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

	Attributable to equity holders of the Company						Non-controlling interests (Note 5(1))	Total owners' equity
	Share capital (Note 4(33))	Capital surplus (Note 4(34))	Specific reserve (Note 4(35))	Surplus reserves (Note 4(36))	Undistributed profits (Note 4(37))	Sub-total		
<b>Balance at 1 January 2014</b>	552,500,000.00	4,254,754,857.49	1,739,144.73	225,379,515.90	203,196,020.03	5,237,569,538.15	350,035,297.99	5,587,604,836.14
<b>Movements for the six months ended 30 June 2014</b>								
Comprehensive income								
– Net profit	-	-	-	-	66,287,044.76	66,287,044.76	(12,715,426.79)	53,571,617.97
– Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	66,287,044.76	66,287,044.76	(12,715,426.79)	53,571,617.97
Appropriation to specific reserve	-	-	6,393,708.20	-	-	6,393,708.20	368.28	6,394,076.48
Utilisation of specific reserve	-	-	(5,307,203.32)	-	-	(5,307,203.32)	-	(5,307,203.32)
<b>Balance at 30 June 2014 (unaudited)</b>	552,500,000.00	4,254,754,857.49	2,825,649.61	225,379,515.90	269,483,064.79	5,304,943,087.79	337,320,239.48	5,642,263,327.27
<b>Balance at 1 January 2015</b>	552,500,000.00	4,254,754,857.49	227,157.17	249,625,789.74	256,711,684.04	5,313,819,488.44	285,021,337.57	5,598,840,826.01
<b>Movements for the six months ended 30 June 2015</b>								
Comprehensive loss								
– Net loss	-	-	-	-	(251,799,844.23)	(251,799,844.23)	(87,139,466.48)	(338,939,310.71)
– Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(251,799,844.23)	(251,799,844.23)	(87,139,466.48)	(338,939,310.71)
Appropriation to specific reserve	-	-	7,868,346.40	-	-	7,868,346.40	187.05	7,868,533.45
Utilisation of specific reserve	-	-	(6,640,671.70)	-	-	(6,640,671.70)	-	(6,640,671.70)
<b>Balance at 30 June 2015 (unaudited)</b>	552,500,000.00	4,254,754,857.49	1,454,831.87	249,625,789.74	4,911,839.81	5,063,247,318.91	197,882,058.14	5,261,129,377.05

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

Legal representative:  
**Guo Haitang**

Principal in charge of accounting:  
**He Hongfeng**

Head of accounting department:  
**Li Jianhua**

## COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

	Share capital (Note 4(33))	Capital surplus (Note 4(34))	Specific reserve	Surplus reserves (Note 4(36))	Undistributed profits	Total owners' equity
<b>Balance at 1 January 2014</b>	552,500,000.00	4,254,754,857.49	-	225,379,515.90	212,715,785.51	5,245,350,158.90
<b>Movements for the six months ended 30 June 2014</b>						
Comprehensive income						
– Net income	-	-	-	-	203,724,135.76	203,724,135.76
– Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	203,724,135.76	203,724,135.76
Appropriation to specific reserve	-	-	50,632.56	-	-	50,632.56
Utilisation of specific reserve	-	-	(50,632.56)	-	-	(50,632.56)
<b>Balance at 30 June 2014 (unaudited)</b>	552,500,000.00	4,254,754,857.49	-	225,379,515.90	416,439,921.27	5,449,074,294.66
<b>Balance at 1 January 2015</b>	552,500,000.00	4,254,754,857.49	-	249,625,789.74	430,932,250.05	5,487,812,897.28
<b>Movements for the six months ended 30 June 2015</b>						
Comprehensive loss						
– Net loss	-	-	-	-	(47,001,214.45)	(47,001,214.45)
– Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	(47,001,214.45)	(47,001,214.45)
Appropriation to specific reserve	-	-	58,278.92	-	-	58,278.92
Utilisation of specific reserve	-	-	(58,278.92)	-	-	(58,278.92)
<b>Balance at 30 June 2015 (unaudited)</b>	552,500,000.00	4,254,754,857.49	-	249,625,789.74	383,931,035.60	5,440,811,682.83

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

Legal representative:  
**Guo Haitang**

Principal in charge of accounting:  
**He Hongfeng**

Head of accounting department:  
**Li Jianhua**

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(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.

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.

Subsidiaries included in the consolidation scope of the consolidated financial statements for the period are listed in Note 5.

These financial statements were authorised for issue by the Company’s Board of Directors on 21 August 2015.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(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(10)), measurement of inventories (Note 2(11)), depreciation of fixed assets and amortisation of intangible assets (Note 2(13), (16)) and revenue recognition (Note 2(24)).

The criteria of adoption of important accounting policies and accounting estimates by the Group is listed in Note 2(29).

### (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 (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 and the Old Hong Kong Companies Ordinance (Cap. 32).

The financial statements were prepared on a going concern basis.

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

The financial statements of the Company for the six months ended 30 June 2015 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 2015 and of their financial performance, cash flows and other information for the six months 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 is Renminbi (RMB).

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(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 absorbing party in a business combination are measured at the carrying amount. 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 de-consolidated 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 2015  
(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 assestions 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 translation

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.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (9) Financial instruments

#### (a) Financial assets

##### (i) Classification of financial assets

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for the purpose of selling in the short term.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial recognition. Available-for-sale financial assets are included in other current assets on the balance sheet if management intends to dispose of them within 12 months after the balance sheet date.

##### (ii) Recognition and measurement

Financial assets are recognised at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. In the case of financial assets at fair value through profit or loss, the related transaction costs incurred at the time of acquisition are recognised in profit or loss for the current period. For other financial assets, transaction costs that are attributable to the acquisition of the financial assets are included in their initially recognised amounts.

Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently measured at fair value. Investments in equity instruments are measured at cost when they do not have a quoted market price in an active market and whose fair value cannot be reliably measured. Receivables and held-to-maturity investments are measured at amortised cost using the effective interest method.



# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(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) *Recognition and measurement (continued)*

Gains or losses arising from change in the fair value of financial assets at fair value through profit or loss are recognised in profit or loss. Interests and cash dividends received during the period in which such financial assets are held, as well as the gains or losses arising from disposal of these assets are recognised in profit or loss for the current period.

Gains or losses arising from change in fair value of available-for-sale financial assets are recognised directly in equity, except for impairment losses and foreign exchange gains and losses arising from translation of monetary financial assets. When such financial assets are derecognised, the cumulative gains or losses previously recognised directly into equity is recycled into profit or loss for the current period. Interests on available-for-sale investments in debt instruments calculated using the effective interest method during the period in which such investments are held and cash dividends declared by the investee on available-for-sale investments in equity instruments are recognised as investment income, which is recognised in profit or loss for the period.

##### (iii) *Impairment of financial assets*

The Group assesses the carrying amounts of financial assets other than those at fair value through profit or loss at each balance sheet date. If there is objective evidence that a financial asset is impaired, an impairment loss is provided for.

Objective evidence of impairment of financial assets are events that occurred after the initial recognition of the financial assets and have impacts on the estimated future cash flows of the financial assets that can be reliably estimated.

The objective evidence which indicates impairment in fair value of available-for-sale equity instruments includes the significant and prolonged decline in fair value. The Group has separately tested various available-for-sale equity instruments at the balance sheet date. It will be defined as impairment if the fair value is lower than the original cost at initial recognition by more than 50% (including 50%) or the period in which the fair value of the investment has been below that original cost has lasted for no less than 1 year. While if the fair value is between 20% to 50% lower than the original cost, the Group will take other factors such as price fluctuation into consideration to estimate whether the equity instrument has impaired or not. The original cost of available-for-sale equity instruments is determined by using weighted average method.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(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)

##### (iii) Impairment of financial assets (continued)

When an impairment loss on a financial asset carried at amortised cost has occurred, the amount of loss is provided for at the difference between the asset's carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial asset recovered and the recovery is related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and the amount of reversal is recognised in profit or loss.

If there is objective evidence that an impairment loss on available-for-sale financial assets incurred, the cumulative losses arising from the decline in fair value that had been recognised directly in equity are transferred out from equity and into impairment loss. For an investment in debt instrument classified as available-for-sale on which impairment losses have been recognised, if, in a subsequent period, its fair value increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the previously recognised impairment loss is reversed into profit or loss for the current period. For an investment in an equity instrument classified as available-for-sale on which impairment losses have been recognised, the increase in its fair value in a subsequent period is recognised directly in equity.

For available-for-sale financial assets measured at cost, if there is objective evidence that an impairment loss occurred, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate and recognized in the consolidated income statements. Impairment losses recognised in the consolidated income statement are not reversed when the value is recovered in a subsequent period.

##### (iv) 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 a financial asset, 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 equity, is recognised in profit or loss.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (9) Financial instruments (Continued)

#### (b) Financial liabilities

Financial liabilities are classified into the following categories at initial recognition: financial liabilities at fair value through profit or loss and other financial liabilities. The financial liabilities of the Group mainly comprise other financial liabilities, including payables, borrowings and bond payable.

Derivative financial instruments which are not specified and do not conform to hedging are disclosed as financial assets at fair value through profit or loss.

Payables, including accounts payable, other payables, and notes payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings and bond payable are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities with maturities no more than one year are classified as current liabilities. Other financial liabilities with maturities over one year but are due within one year at the balance sheet date are classified as the current portion of non-current liabilities. Others are classified as 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.

#### (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 market inputs can not be obtained, we shall use unobservable market inputs.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (10) Receivables

Receivables comprise accounts receivable, other receivables and notes receivable. Accounts receivable arising from sale of goods or rendering of services are initially recognised at fair value of the contractual payments from the buyers or service recipients.

#### (a) Receivables with amounts those are individually significant and subject to separate assessment for provision for bad debts

Receivables with amounts that are individually significant are subject to separate assessment for impairment. If there exists objective evidence that the Group will not be able to collect the amount under the original terms, a provision for bad debts of that receivable is made at the difference between its carrying amount and the present value of its estimated future cash flows.

#### (b) Receivables that are subject to provision for bad debts on the grouping basis

Receivables with amounts that are not individually significant and those receivables that have been individually assessed for impairment and have not been found impaired are classified into certain groupings based on their credit risk characteristics. The provision for bad debts is determined based on the historical loss experience for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

Basis for grouping is as follows:

Related party group	Receivables from related parties
Ageing group	Except related party group, the accounts receivable within the same ageing category have similar credit risk characteristics

Methods of determining provision for bad debts by groupings are as follows:

Related party group	Analysis based on the repayment ability and history
Ageing group	Aging analysis method

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (10) Receivables (Continued)

#### (b) Receivables that are subject to provision for bad debts on the grouping basis (continued)

Ratios used in the ageing analysis method amongst aforesaid groups are as follows:

	Ratios used for accounts receivable
Within 1 year	0%–5%
1 to 2 years	5%–30%
2 to 3 years	60%
Over 3 years	100%

  

	Ratios used for other receivables
1 to 4 years	0%
Over 4 years	5%–10%

#### (c) Receivables with amounts those are not individually significant but subject to separate assessment for provision for bad debts

The reason for making separate assessment for provision for bad debts is that there exists objective evidence that the Group will not be able to collect the amount under the original terms of the receivable.

The provision for bad debts is determined based on the amount of the present value of the future cash flows expected to be derived from the receivable below its carrying amount.

#### (d) When the Group transfers the accounts receivable and notes receivable to the financial institutions without recourse, the difference between the proceeds received from the transaction and their carrying amounts and the related taxes is recognised in profit or loss for the current period.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (11) Inventories

#### (a) Classification

Inventories include raw materials, work in progress, semi-finished goods and finished goods, and 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.

### (12) 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 and associates.

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. Associates are the investees that the Group has significant influence on their financial and operating policies.

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 and associates are accounted for using the equity method. Accounting policies of joint ventures and associates are consistent with the policies adopted by the Group. Other long-term equity investments, where the Group does not have control, joint control or significant influence over the investees and which are not quoted in an active market and whose fair value cannot be reliably measured, are accounted for using the cost method.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (12) Long-term equity investments (Continued)

#### (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 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.

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.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (12) Long-term equity investments *(Continued)*

#### (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(20)).

### (13) 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.



# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (13) Fixed assets (Continued)

#### (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 useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates are as follows:

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

- (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(20)).

#### (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.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (14) 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 there cover able amount is below the carrying amount (Note 2(20)).

### (15) 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 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (16) 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 5 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(20)).

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (17) 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 ore body exploration and improving the ore body 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.

Filling cost incurred after mineral mining is recorded in the cost of production.

### (18) 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.

### (19) 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.

### (20) 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 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (20) 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.

### (21) 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.

##### 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.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (21) Employee benefits (Continued)

#### (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.

#### Early retirement benefits

The Group provides early retirement benefits to employees who accept early retirement arrangements. Early retirement benefits mean wages and social insurance charges paid for those employees who voluntarily remove themselves from their posts with the approval of the management of the Group before their normal retirement ages. The Group pays early retirement benefits for the period from the early retirement date to their normal retirement date. The Group accounts for early retirement benefits as termination benefits. When the recognition criteria in respect of termination benefits are met, the early retirement benefits proposed to be paid by the Group are recognised as liabilities, with a corresponding charge to profit or loss for the period. The difference resulting from the charge of actuarial assumptions and benefit level is recognised as profit or loss as occurred.

The termination benefits which will be paid off in the next financial year are listed as current liabilities in the balance sheet.

### (22) Dividend distribution

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

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(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.

### (24) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and returns.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific revenue recognition criteria have been met for each type of the Group's activities as described below:

#### (a) Sale of goods

Revenue is recognised when the rights and risks of the products have been transferred to the purchaser, the Group has no control of the products, the economic benefits associated with the transaction will flow to the Group and the related revenue can be reliably measured.

#### (b) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (25) Government Grants

Government grants are transfers of monetary or non-monetary assets obtained by the Group from the government at nil consideration, including refund of taxes, relocation compensation and financial subsidies, etc.

A government grant is recognised when the conditions attached to it can be complied with and the government grant can be received. For a government grant in the form of transfer of monetary assets, the grant is measured at the amount received or receivable. For a government grant in the form of transfer of non-monetary assets, it is measured at fair value; if the fair value is not reliably determinable, the grant is measured at nominal amount.

Government grants related to assets are grants used in the acquisition, construction and obtaining long-term assets in other ways. Government grants related to income are grants other than government grants related to assets.

A government grant related to an asset is recognised as deferred income, and evenly amortised to profit or loss over the useful life of the related asset. Government grants measured at nominal amounts are recognised immediately in profit or loss for the current period.

For government grants related to income, where the grant is a compensation for related expenses or losses to be incurred by the Group in the subsequent periods, the grant is recognised as deferred income, and included in profit or loss over the periods in which the related costs are recognised; where the grant is a compensation for related expenses or losses already incurred by the Group, the grant is recognised immediately in profit or loss for the current period.

### (26) 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.



# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (26) Deferred tax assets and deferred tax liabilities (Continued)

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 taxes 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.

### (27) Leases

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.

Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease, and are either capitalised as part of the cost of related assets, or charged as an expense for the current period.

### (28) 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; and (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 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (29) 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.

#### Critical accounting estimates and key assumptions

The critical accounting estimates and key assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are outlined below:

#### (a) Carrying value of evaluate non-current assets

The Group annually evaluate whether fixed assets, construction in progress, land use rights, mining rights and exploration rights have suffered from any impairment due to events or changes in circumstances indicating that the carrying amount of the asset exceeds its recoverable amount, in accordance with accounting policy stated in Note 2(20) to the financial statements.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (29) Critical accounting estimates and assumptions (Continued)

#### (a) Carrying value of evaluate non-current assets (continued)

As at 30 June 2015, there was no impairment provided for fixed assets, land use rights, mining rights and exploration rights. The recoverable amounts of different cash generating units to which fixed assets, construction in progress, land use rights, mining rights and exploration rights belong, have been determined based on value-in-use calculations using cash flow projections approved by senior management and management's assumptions and estimates of selling price of metals, discount rates and inflation rate. The discount rates used in cash flow projections varied with different cash generating units. The major assumptions and estimates used in the value-in-use calculation of assets include forecast of selling price of nickel and copper, discount rates and inflation rate.

#### (b) 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(20)).

As at 30 June 2015, there was no impairment for 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 price of nickel and copper, discount rates and inflation rate. The discount rates used in cash flow projections varied with different cash generating units.

#### (c) 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 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (29) Critical accounting estimates and assumptions (Continued)

#### (d) Mineral reserves

Engineering estimates of the Group's mineral reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements 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 at 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.

#### (e) 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(26), 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.

For details of the deductible temporary losses or deductible temporary differences that were not recognised as deferred tax assets as at 30 June 2015, please refer to Note 4(32).

#### (f) Estimate of inventory net realizable value

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.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(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%/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)	17% (Note (2))
Resources tax	Amount of ore output during the current month	RMB6 per ton or RMB12 per ton (Note (3))
Urban construction tax	VAT and business tax	7%/5%
Education surcharge	VAT and business tax	3%
Mineral compensation	Actual sales income of copper and nickel, after adjusting rate of recovery	Tax standards of mineral products of located place (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:

- On 6 April 2012, the State Administration of Taxation announced about carrying out the Western Development Strategy on the issue of corporate income tax, and 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 in 2012, the Company calculated and paid corporate income tax using the preferential rate of 15% for the six months ended 30 June 2015 after communication with local tax authorities (2014: 15%).
- The applicable income tax rate of Shanghai Sales Branch of the Company is 25% for the six months ended June 2015 (2014: 25%).
- The subsidiary, Xinjiang Yakesi Resource Development Co., Ltd. (hereafter "Xinjiang Yakesi"), qualifies as a foreign investment manufacturing enterprise established in Hami, Xinjiang Uygur Autonomous Region in 2009. 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 calculated and paid corporate income tax using the preferential rate of 15% for the six months ended 30 June 2015 after communication with local tax authorities (2014: 15%).
- The subsidiary, Hami Jubao Resource Development Co., Ltd. (hereafter "Hami Jubao"), qualifies as a foreign investment manufacturing enterprise established in Hami, Xinjiang Uygur Autonomous Region. 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 2015 after communication with local tax authorities (2014: 15%).

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 3 TAXATION (CONTINUED)

### (1) Corporate income tax (Continued)

- (e) The subsidiary, Xinjiang Kalatongke Mining Industry Co., Ltd. (hereafter “Kalatongke Mining”) applied the corporate income tax of 25% in 2012. 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 rate of 15% for the six months ended 30 June 2015 after communication with local tax authorities (2014: 15%).
- (f) Other subsidiaries, including Xinjiang Zhongxin Mining Industry Co., Ltd. (hereafter “Zhongxin Mining”), Xinjiang Wuxin Copper Mining Co., Ltd. (hereafter “Wuxin Copper Mining”), Xinjiang Mengxi Mining Co., Ltd. (hereafter “Mengxi Mining”), Beijing Xinding Shunze High Technology Co., Ltd. (hereafter “Beijing Xinding”), Shaanxi Xinxin Mining Co., Ltd. (hereafter “Shaanxi Xinxin”), Xinjiang Yakesi’s subsidiary Hami Lixin Industrial and Trading Co., Ltd. (hereafter “Hami Lixin”), and Wuxin Copper Mining’s subsidiary Fukang Xinlin Chemical Co., Ltd. (hereafter “Xinlin Chemical”), are subject to corporate income tax rate of 25% for the six months ended 30 June 2015 (2014: 25%).

### (2) Value-added tax

Group’s main product sales are subject to VAT of 17%.

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.

### (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 of RMB12 per ton based on ore production in current month, and Xinjiang Yakesi and Hami Jubao pay RMB6 per ton based on ore production in current month.

### (4) Mineral compensation

Kalatongke Mining pays mineral resources compensation fee based on the following formula:

Mineral resources compensation fee = self-produced nickel in super high grade ore and mixed concentrate volume × current day sales price × (1 + 5.72%) × valuation coefficient × 2% × recovery rate + self-produced copper in super high grade ore and mixed concentrate volume × current day sales price × valuation coefficient × 2% × recovery rate

Based on the regulations issued by Land and Resources Bureau of Aletai in Xinjiang Uygur Autonomous Region, valuation coefficient of nickel is from 40% to 60%, and copper is 60%.

Xinjiang Yakesi and Hami Jubao pay mineral resources compensation fee based on the following formula:

Mineral resources compensation fee = sales revenue of nickel concentrate and copper concentrate × mineral compensation rate 2% × recovery rate

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### (1) Cash and bank balances

	30 June 2015	31 December 2014
Cash on hand	77,254.87	116,386.79
Cash at bank	500,478,781.10	558,507,122.07
Restricted cash at banks (a)	231,264,442.66	178,589,154.52
	<b>731,820,478.63</b>	<b>737,212,663.38</b>

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

	30 June 2015	31 December 2014
Deposits for issue of bank acceptance notes	209,499,440.00	135,842,698.61
Deposits for environmental recovery and safety of production	11,124,404.67	13,653,734.41
Deposits for gold lease contracts	5,000,000.00	5,013,428.72
Deposits for irrecoverable letters of credit	3,607,898.03	22,050,000.00
Deposits for compensation of industrial injury of migrant workers	2,032,699.96	2,029,292.78
	<b>231,264,442.66</b>	<b>178,589,154.52</b>

### (2) Financial assets at fair value through profit or loss

	30 June 2015	31 December 2014
Future contracts (Note (4)(18))	981,050.00	-

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (3) Notes receivable

	30 June 2015	31 December 2014
Bank acceptance notes	110,431,719.24	228,980,597.49

All the notes receivable will be matured within 180 days.

As at 30 June 2015 and 31 December 2014, there were no notes receivable pledged as collateral.

As at 30 June 2015, there were no unmatured notes receivable that have been discounted (31 December 2014: RMB45,594,353.36).

### (4) Accounts receivable

	30 June 2015	31 December 2014
Accounts receivable	83,230,110.82	91,163,594.62
Less: provision for bad debts	(3,926,714.00)	(3,904,393.94)
	79,303,396.82	87,259,200.68

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 were granted. As at 30 June 2015, accounts receivable of RMB7,500.00 (31 December 2014: RMB331,422.00) were past due but not impaired.

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

	30 June 2015	31 December 2014
With 1 year	78,483,867.64	86,100,929.44
1 to 2 years	39,894.10	202,969.30
2 to 3 years	170,575.20	721,000.00
3 to 4 years	653,700.00	1,025,308.40
4 to 5 years	768,686.40	192,954.70
Over 5 years	3,113,387.48	2,920,432.78
	83,230,110.82	91,163,594.62



# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (4) Accounts receivable (Continued)

(b) Accounts receivable by categories are analysed as follows:

	30 June 2015				31 December 2014			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	-	-	-	-	-	-	-	-
That the related provision for bad debts is provided on the grouping basis								
- Related party group (Note 8 (6))	2,694,451.54	3.24%	(1,456,617.80)	54.06%	3,436,555.88	3.77%	(1,456,617.80)	42.39%
- Ageing group	80,535,659.28	96.76%	(2,470,096.20)	3.07%	87,727,038.74	96.23%	(2,447,776.14)	2.79%
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	-	-	-	-	-	-	-	-
	83,230,110.82	100.00%	(3,926,714.00)		91,163,594.62	100%	(3,904,393.94)	

(c) The groups of accounts receivable used ageing analysis method for the purpose of bad debt assessment are analysed as follows:

	30 June 2015			31 December 2014		
	Ending balance Amount	Provision for bad debts Amount	Ratio	Ending balance Amount	Provision for bad debts Amount	Ratio
Within 1 year	78,028,303.00	-	-	84,895,760.46	-	-
1 to 2 years	-	-	-	74,400.20	(22,320.06)	30.00%
2 to 3 years	74,400.20	(44,640.12)	60.00%	74,800.00	-	-
3 to 4 years	7,500.00	-	-	256,622.00	-	-
4 to 5 years	-	-	-	192,954.70	(192,954.70)	100.00%
Over 5 years	2,425,456.08	(2,425,456.08)	100.00%	2,232,501.38	(2,232,501.38)	100.00%
	80,535,659.28	(2,470,096.20)		87,727,038.74	(2,447,776.14)	

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (4) Accounts receivable (Continued)

(d) As at 30 June 2015, the top five accounts receivable are analysed as follows:

	Ending balance	Provision for bad debts	% of total balance
Total amount of the top five accounts receivable	69,222,020.40	–	83.17%

(e) The provision for bad debts provided in current period is RMB22,320.06. There was no provision for bad debts of accounts receivable collected or reversed in current period.

(f) There were no accounts receivable written off in current period.

(g) There were no accounts receivable derecognised due to the transfer of financial assets.

(h) As at 30 June 2015, there were no accounts receivable pledged as collateral to obtain short-term borrowings (31 December 2014: Nil).

### (5) Other receivables

	30 June 2015	31 December 2014
Deposit for future contracts (Note (i))	31,746,409.28	37,446,942.95
Amount due from equity and debt transfer (Note (ii))	5,812,100.00	5,812,100.00
Amount due from related parties (Note 8(6))	3,961,955.71	2,739,673.41
Cash advance	3,118,623.31	2,712,583.83
Others	18,848,610.61	7,322,291.73
	<b>63,487,698.91</b>	56,033,591.92
Less: provision for bad debts	<b>(96,346.41)</b>	(96,346.41)
	<b>63,391,352.50</b>	55,937,245.51

(i) The Group signed future contracts with Jinshi Futures Co., Ltd., Zhongxin Futures Co., Ltd. and Hongyuan Futures Co., Ltd. respectively. As at 30 June 2015, the deposit balance represented the net amount of the combination of the accumulated amount of deposit placed and withdrawn and the trading results during the year. Based on the trading results, the Group recorded net amount of gains and commission charges of RMB1,078,896.25 for the six months ended 30 June 2015 (six months ended 30 June 2014: net amount of losses and commission charges of RMB16,194,728.64) (Note 4(46)).

(ii) Amount due from equity and debt transfer is the receivables yielded by transfer of equity and debt of Tibet Puxiong Mining Co., Ltd. – an associate of Xinjiang Yakesi in 2013.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (5) Other receivables (Continued)

(a) The ageing of other receivables is analysed below:

	30 June 2015	31 December 2014
Within 1 year	45,055,116.18	39,134,102.97
1 to 2 years	15,353,937.65	13,788,925.82
2 to 3 years	7,181.95	97,593.15
3 to 4 years	90,993.15	35,691.27
4 to 5 years	3,191.27	16,916.36
Over 5 years	2,977,278.71	2,960,362.35
	<b>63,487,698.91</b>	<b>56,033,591.92</b>

(b) Other receivables by categories are analysed as follows:

	30 June 2015				31 December 2014			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	-	-	-	-	-	-	-	-
That the related provision for bad debts is provided on the grouping basis								
- Related party group (Note 8(6))	3,961,955.71	6.24%	-	-	2,739,673.41	4.89%	-	-
- Ageing group	59,525,743.20	93.76%	(96,346.41)	0.16%	53,293,918.51	95.11%	(96,346.41)	0.18%
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	-	-	-	-	-	-	-	-
	<b>63,487,698.91</b>	<b>100.00%</b>	<b>(96,346.41)</b>		<b>56,033,591.92</b>	<b>100.00%</b>	<b>(96,346.41)</b>	

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (5) Other receivables (Continued)

- (c) The groups of other receivables using ageing analysis method for the purpose of bad debt assessment are analysed as follows:

	30 June 2015			31 December 2014		
	Ending balance Amount	Provision for bad debts Amount	Ratio	Ending balance Amount	Provision for bad debts Amount	Ratio
Within 1 year	50,826,407.18	-	-	39,054,505.46	-	-
1 to 2 years	8,244,510.94	-	-	13,785,169.92	-	-
2 to 3 years	37,181.95	-	-	97,593.15	-	-
3 to 4 years	93,493.15	-	-	35,691.27	-	-
4 to 5 years	3,191.27	-	-	16,916.36	(16,916.36)	100.00%
Over 5 years	320,958.71	(96,346.41)	30.02%	304,042.35	(79,430.05)	26.12%
	<b>59,525,743.20</b>	<b>(96,346.41)</b>		<b>53,293,918.51</b>	<b>(96,346.41)</b>	

- (d) There were no provision for bad debts of other receivables provided, collected or reversed in current period.
- (e) There were no other receivables written off in current period.
- (f) As at 30 June 2015, the top five other receivables are analysed as follows:

	Amount	Ageing	% of total balance	Provision of bad debts
Zhongxin Futures Co., Ltd.	22,855,801.99	Within 1 year	36.00%	-
Jinshi Futures Co., Ltd.	8,888,607.29	Within 1 year	14.00%	-
Gansu Ximai New Material Technology Co., Ltd.	5,812,100.00	1 to 2 year	9.15%	-
Hami Hexin Mining Co., Ltd. (here after "Hexin Mining")	2,661,297.90	Within 2 years, over 5 years	4.19%	-
Xinjiang Beia Railway Co., Ltd.	2,000,000.00	1 to 2 year	3.15%	-
	<b>42,217,807.18</b>		<b>66.49%</b>	<b>-</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (6) Advances to suppliers

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

	30 June 2015		31 December 2014	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	191,415,121.61	93.15%	63,456,706.06	65.01%
1 to 2 years	10,815,872.73	5.26%	5,821,506.29	5.96%
2 to 3 years	588,885.62	0.29%	20,556,885.62	21.06%
Over 3 years	2,666,853.74	1.30%	7,782,253.74	7.97%
	<b>205,486,733.70</b>	<b>100.00%</b>	<b>97,617,351.71</b>	<b>100.00%</b>

As at 30 June 2015, advances to suppliers over 1 year with a carrying amount of RMB14,071,612.09 (31 December 2014: RMB34,160,645.65) are mainly advances paid for materials.

(b) As at 30 June 2015, the top five advances to suppliers are analysed as follows:

	Amount	% of total balance
Total amount of the top five advances to suppliers	127,714,457.93	62.15%

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (7) Inventories

(a) Classification of inventories is as follows:

	30 June 2015			31 December 2014		
	Ending balance	Provision for declines in value of inventories	Carrying amount	Ending balance	Provision for declines in value of inventories	Carrying amount
Raw materials	529,441,843.83	(543,427.80)	528,898,416.03	737,914,325.98	(543,427.80)	737,370,898.18
Work in progress	757,143,002.12	(2,002,924.44)	755,140,077.68	898,818,600.78	(2,254,605.82)	896,563,994.96
Semi-finished goods	428,468,236.17	(11,353.90)	428,456,882.27	550,708,785.62	(2,507,220.32)	548,201,565.30
Finished goods	930,058,700.07	(9,338,136.22)	920,720,563.85	467,147,427.44	(2,919,250.69)	464,228,176.75
	<b>2,645,111,782.19</b>	<b>(11,895,842.36)</b>	<b>2,633,215,939.83</b>	<b>2,654,589,139.82</b>	<b>(8,224,504.63)</b>	<b>2,646,364,635.19</b>

As at 30 June 2015, Wuxin Copper Mining signed three pledged loan contracts with a bank, pledged copper concentrate of RMB308,800,000.00 to banks for the pledged loan (Note 4(28)(b)(i)) and pledged copper concentrate of RMB151,216,948.00 to banks for the gold lease contract (Note 4(18)).

(b) Inventories balance fluctuation is analysed as follows:

	31 December 2014	Increase in current period	Decrease in current period	30 June 2015
Raw materials	737,914,325.98	886,239,096.57	(1,094,711,578.72)	<b>529,441,843.83</b>
Work in progress	898,818,600.78	127,372,861.76	(269,048,460.42)	<b>757,143,002.12</b>
Semi-finished goods	550,708,785.62	1,524,346,327.57	(1,646,586,877.02)	<b>428,468,236.17</b>
Finished goods	467,147,427.44	1,756,168,785.11	(1,293,257,512.48)	<b>930,058,700.07</b>
	<b>2,654,589,139.82</b>	<b>4,294,127,071.01</b>	<b>(4,303,604,428.64)</b>	<b>2,645,111,782.19</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (7) Inventories (Continued)

(c) Provisions for declines in value of inventories are analysed as follows:

	31 December 2014	Increase in current period Addition	Decrease in current period Reversal and write-off	30 June 2015
Raw materials	(543,427.80)	–	–	(543,427.80)
Work in progress	(2,254,605.82)	(2,002,924.44)	2,254,605.82	(2,002,924.44)
Semi-finished goods	(2,507,220.32)	(11,353.90)	2,507,220.32	(11,353.90)
Finished goods	(2,919,250.69)	(9,741,008.69)	3,322,123.16	(9,338,136.22)
	(8,224,504.63)	(11,755,287.03)	8,083,949.30	(11,895,842.36)

(d) Provision for decline in value of inventories is as follows:

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 reversal or write-off of provision for finished goods are the increase in selling price or sales of the inventories.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (8) Other current assets

	30 June 2015	31 December 2014
Deductible VAT	349,263,210.67	357,068,113.69
Prepaid income tax	17,268,891.53	17,219,676.46
Available-for-sale financial assets (Note 4(9))	–	8,000,000.00
Others	–	222,487.26
	<b>366,532,102.20</b>	<b>382,510,277.41</b>

### (9) Available-for-sale financial assets

	30 June 2015	31 December 2014
Measured at fair value		
– a financial product	–	8,000,000.00
Less: impairment costs	–	–
Less: available-for-sale financial assets included in other current assets	–	(8,000,000.00)
	–	–

20 March 2014, the Group purchased a short-term financial product of RMB8,000,000.00. The financial product is the non-guaranteed floating-earning product with an expected highest rate of annualized return 2.8%. The highest risk exposure is the carrying value of RMB8,000,000.00 of the financial product at the balance sheet date. The Group has no intention and obligation to provide financial support to this financial product. The financial product has already been redeemed in January 2015.



# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (10) Long-term equity investments

	30 June 2015	31 December 2014
Joint-venture (a)	145,884,223.41	156,008,153.98
Less: provision of long-term equity investments	-	-
	<b>145,884,223.41</b>	<b>156,008,153.98</b>

The joint venture investments is non-listed and does not have significant limitation on transfer.

#### (a) Joint-venture

Investment in joint ventures

	31 December 2014	Current period movement					30 June 2015	Provision for impairment	
		Increase/decrease in investment	Share of net profit using the equity method (Note 4(46))	Other comprehensive income adjustment	Other changes In equity	Cash dividend declared			Impairment provided in the current year
Hexin Mining	156,008,153.98	-	(10,123,930.57)	-	-	-	-	145,884,223.41	-

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.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (11) Fixed assets

	Buildings	Mining structure	Machinery and equipment	Motor vehicles	Electronic and office equipment	Total
<b>Cost</b>						
31 December 2014	2,522,710,028.98	851,444,560.46	2,452,303,748.72	74,700,995.73	60,917,958.64	5,962,077,292.53
Additions						
Purchases	966,770.46	51,282.05	12,340,971.91	223,376.09	854,181.15	14,436,581.66
Transfer-in from construction in progress (Note 4(13)(a))	6,746,691.88	22,697,635.73	94,859,599.20	-	-	124,303,926.81
Reductions						
Transfer to construction in progress (i) (Note 4(13)(a))	-	-	(80,225,056.62)	-	-	(80,225,056.62)
Disposal and retirement	-	-	-	(371,630.00)	-	(371,630.00)
Reclassification	22,834,954.77	-	(39,358,153.16)	-	16,523,198.39	-
<b>30 June 2015</b>	<b>2,553,258,446.09</b>	<b>874,193,478.24</b>	<b>2,439,921,110.05</b>	<b>74,552,741.82</b>	<b>78,295,338.18</b>	<b>6,020,221,114.38</b>
<b>Accumulated depreciation</b>						
31 December 2014	287,055,996.46	100,317,104.82	452,307,299.95	34,961,619.60	24,142,575.57	898,784,596.40
Accrument	34,022,473.88	16,670,614.99	84,841,294.34	3,037,758.37	1,559,742.77	140,131,884.35
Transfer to construction in progress (i) (Note 4(13)(a))	-	-	(1,981,583.97)	-	-	(1,981,583.97)
Disposal and retirement	-	-	-	(192,256.64)	-	(192,256.64)
Reclassification	3,800,101.52	-	(6,549,825.88)	-	2,749,724.36	-
<b>30 June 2015</b>	<b>324,878,571.86</b>	<b>116,987,719.81</b>	<b>528,617,184.44</b>	<b>37,807,121.33</b>	<b>28,452,042.70</b>	<b>1,036,742,640.14</b>
<b>Net book value</b>						
<b>30 June 2015</b>	<b>2,228,379,874.23</b>	<b>757,205,758.43</b>	<b>1,911,303,925.61</b>	<b>36,745,620.49</b>	<b>49,843,295.48</b>	<b>4,983,478,474.24</b>
31 December 2014	2,235,654,032.52	751,127,455.64	1,999,996,448.77	39,739,376.13	36,775,383.07	5,063,292,696.13

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (11) Fixed assets (Continued)

As at 30 June 2015, certain buildings with net book value of RMB1,212,583,890.58 (cost of RMB1,245,088,614.59) (31 December 2014: net book value of RMB1,229,883,594.94 (cost of RMB1,245,088,614.59)) and certain land use rights (Note 4(14)) were pledged to a bank to obtain a loan facility of RMB287,860,000.00. As at 30 June 2015, the Group obtained borrowings of RMB228,000,000.00 (31 December 2014: RMB 200,703,988.95) under this banking facility.

For the six months ended 30 June 2015, depreciation expense of fixed assets amounted to RMB140,131,884.35 (six months ended 30 June 2014: RMB85,965,897.39), of which RMB123,466,518.05 were charged to cost of sales, RMB9,100,099.38 to general and administrative expenses, RMB68,328.74 to selling expense and RMB7,496,938.18 to construction in progress (six months ended 30 June 2014: RMB80,169,380.41, RMB4,596,272.99, RMB75,247.71 and RMB1,124,996.28).

For the six months ended 30 June 2015, the costs of fixed assets transferred-in from construction in progress amounted to RMB124,303,926.81 (six months ended 30 June 2014: RMB30,128,258.68).

For the six months ended 30 June 2014 and 30 June 2015, there was no impairment on fixed assets provided.

- (i) In February 2015, as Wuxin Copper Mining updating and conducting technical reforming on the fixed assets in smelting workshop, the cost and depreciation expenses transferred from fixed assets to construction in progress amounted to RMB80,225,056.62 and RMB1,981,583.97. After the completion of the reforming in May 2015, the cost transferred from construction in progress to fixed assets amounted to RMB94,809,599.20 (Note 4(13)(a)).

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (11) Fixed assets (Continued)

#### (a) Temporarily idle fixed assets

As at 31 June 2015, machinery and equipment and electronic and office equipment with carrying amount of RMB19,105,263.63 (cost of RMB89,691,215.42) were temporarily idle for the purpose of production facility improvement (31 December 2014 : RMB1,743,820.73 (cost of RMB29,840,232.28)), and analysed as follows:

	Cost	Accumulated depreciation	Carrying amount
Machinery and equipment	58,778,493.92	(51,217,645.61)	7,560,848.31
Buildings	30,002,964.80	(18,692,736.76)	11,310,228.04
Electronic and office equipment	909,756.70	(675,569.42)	234,187.28
	89,691,215.42	(70,585,951.79)	19,105,263.63

#### (b) Fixed assets with pending certificates of ownership:

As at 30 June 2015, the costs of RMB1,713,935,847.73 of buildings are 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.

### (12) Construction materials

	30 June 2015	31 December 2014
Construction materials	772,194.43	1,821,074.60

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (13) Construction in progress

	30 June 2015			31 December 2014		
	Ending balance	Provision for impairment	Carrying amount	Ending balance	Provision for impairment	Carrying amount
<b>The Company:</b>						
<b>Fukang Refinery</b>						
Nickel refining project	9,421,337.09	–	9,421,337.09	8,968,925.09	–	8,968,925.09
Other projects	6,373,490.61	–	6,373,490.61	6,209,693.11	–	6,209,693.11
<b>Sub-total of the Company</b>	<b>15,794,827.70</b>	<b>–</b>	<b>15,794,827.70</b>	<b>15,178,618.20</b>	<b>–</b>	<b>15,178,618.20</b>
<b>Subsidiaries:</b>						
<b>Kalatongke Mining</b>						
Nickel smelting, mining and ore processing project	95,976,724.00	–	95,976,724.00	70,972,655.01	–	70,972,655.01
Resource exploration project	13,300,762.62	–	13,300,762.62	11,589,815.28	–	11,589,815.28
Other constructions in progress for production	68,310,826.72	–	68,310,826.72	72,359,024.85	–	72,359,024.85
<b>Xinjiang Yakesi</b>						
Huangshanxi mining and ore processing project	848,707,290.12	–	848,707,290.12	801,519,822.48	–	801,519,822.48
Huangshandong #17 mine construction project	31,335,468.08	–	31,335,468.08	31,631,471.25	–	31,631,471.25
Xiangshan mine construction project	–	–	–	2,372,173.56	–	2,372,173.56
<b>Hami Jubao</b>						
Huangshandong #12 mine project	24,466,110.82	–	24,466,110.82	27,592,163.94	–	27,592,163.94
<b>Wuxin Copper Mining</b>						
Ten thousand copper smelting project	75,072,948.64	–	75,072,948.64	62,122,313.90	–	62,122,313.90
DPA project	80,306,806.47	–	80,306,806.47	80,306,806.47	–	80,306,806.47
<b>Shaanxi Xinxin</b>						
Other projects	1,799,073.00	–	1,799,073.00	1,799,073.00	–	1,799,073.00
<b>Beijing Xinding</b>						
Other projects	88,520,348.97	–	88,520,348.97	75,199,248.97	–	75,199,248.97
<b>Sub-total of subsidiaries</b>	<b>1,327,796,359.44</b>	<b>–</b>	<b>1,327,796,359.44</b>	<b>1,237,464,568.71</b>	<b>–</b>	<b>1,237,464,568.71</b>
<b>Total</b>	<b>1,343,591,187.14</b>	<b>–</b>	<b>1,343,591,187.14</b>	<b>1,252,643,186.91</b>	<b>–</b>	<b>1,252,643,186.91</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (13) Construction in progress (Continued)

#### (a) Changes in significant construction in progress

Project name:	Budget	31 December 2014	Current period additions	Transfer to fixed assets (Note 4(11))	Transfer from fixed assets (Note 4(11)(i))	30 June 2015	% of expenditures incurred to budgeted amount	Cumulative capitalised borrowing costs	Including: borrowing costs capitalised in current period (Note 4(43))	Capitalisation rate	Source of funds
<b>The Company:</b>											
<b>Fukang Refinery</b>											
Nickel refining project	163,360,000.00	8,968,925.09	452,412.00	-	-	9,421,337.09	13.37%	-	-	-	Self-funding
Others projects	17,000,000.00	6,209,693.11	213,797.50	(50,000.00)	-	6,373,490.61	90.83%	-	-	-	Self-funding
<b>Sub-total of the Company</b>	<b>180,360,000.00</b>	<b>15,178,618.20</b>	<b>666,209.50</b>	<b>(50,000.00)</b>	<b>-</b>	<b>15,794,827.70</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Subsidiaries:</b>											
<b>Kalatongke Mining</b>											
Nickel smelting, mining and ore processing project	1,787,551,493.00	70,972,655.01	25,004,068.99	-	-	95,976,724.00	98.31%	37,327,073.00	-	-	Self-funding/ loans/ government grants
Resource exploration project	57,610,806.00	11,589,815.28	1,710,947.34	-	-	13,300,762.62	96.38%	-	-	-	Self-funding/ government grants
Other constructions in progress for production	80,046,239.00	72,359,024.85	5,512,240.00	(9,560,438.13)	-	68,310,826.72	97.29%	-	-	-	Self-funding
<b>Xinjiang Yakasi</b>											
Huangshanxi mining and ore processing project	1,257,259,700.00	801,519,822.48	53,830,548.52	(6,643,080.88)	-	848,707,290.12	99.38%	191,436,255.15	14,160,687.50	5.96%	Self-funding/ loans/ government grants
Huangshandong #17 mine construction project	136,000,000.00	31,631,471.25	3,110,540.58	(3,406,543.75)	-	31,335,468.08	97.74%	-	-	-	Self-funding
Xiangshan mine construction project	39,717,536.00	2,372,173.56	-	(2,372,173.56)	-	-	98.00%	-	-	-	Self-funding
<b>Hami Jubao</b>											
Huangshandong #12 mine project	93,800,000.00	27,592,163.94	4,336,038.17	(7,462,091.29)	-	24,466,110.82	92.99%	-	-	-	Self-funding
<b>Wuxin Copper</b>											
Ten thousand copper smelting project	2,770,940,100.00	62,122,313.90	29,516,761.29	(94,809,599.20)	78,243,472.65	75,072,948.64	99.34%	176,302,845.44	-	-	Self-funding/ loans/ government grants
DPA project	100,000,000.00	80,306,806.47	-	-	-	80,306,806.47	80.31%	-	-	-	Self-funding
<b>Shaanxi Xinxin</b>											
Other projects	10,000,000.00	1,799,073.00	-	-	-	1,799,073.00	17.99%	-	-	-	Self-funding
<b>Beijing Xinding</b>											
Other projects	90,000,000.00	75,199,248.97	13,321,100.00	-	-	88,520,348.97	98.36%	-	-	-	Self-funding
<b>Sub-total of subsidiaries</b>	<b>6,322,925,874.00</b>	<b>1,237,464,568.71</b>	<b>136,342,244.89</b>	<b>(124,253,926.81)</b>	<b>78,243,472.65</b>	<b>1,327,796,359.44</b>		<b>405,066,173.59</b>	<b>14,160,687.50</b>		
<b>Total</b>	<b>6,503,285,874.00</b>	<b>1,252,643,186.91</b>	<b>137,008,454.39</b>	<b>(124,303,926.81)</b>	<b>78,243,472.65</b>	<b>1,343,591,187.14</b>		<b>405,066,173.59</b>	<b>14,160,687.50</b>		

As at 30 June 2015 and 31 December 2014, there was no impairment on construction in progress provided.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (14) Intangible assets

	Mining rights	Exploration rights	Land use rights	Others	Total
Cost					
31 December 2014	699,654,158.24	208,153,000.00	233,702,169.12	1,471,272.63	1,142,980,599.99
Additions – Purchase	–	–	14,540,355.00	42,000.00	14,582,355.00
– Others	–	–	47,586.86	854.70	48,441.56
30 June 2015	699,654,158.24	208,153,000.00	248,290,110.98	1,514,127.33	1,157,611,396.55
Accumulated amortisation					
31 December 2014	100,745,121.05	–	27,229,724.02	1,190,658.14	129,165,503.21
Additions – Accrue ment	7,382,793.18	–	1,837,207.70	41,311.51	9,261,312.39
– Others	–	–	47,586.86	854.70	48,441.56
30 June 2015	108,127,914.23	–	29,114,518.58	1,232,824.35	138,475,257.16
Net book value					
30 June 2015	591,526,244.01	208,153,000.00	219,175,592.40	281,302.98	1,019,136,139.39
31 December 2014	598,909,037.19	208,153,000.00	206,472,445.10	280,614.49	1,013,815,096.78

For the six months ended 30 June 2015, amortisation expense of intangible assets amounted to RMB9,309,753.95 (six months ended 30 June 2014: RMB9,100,151.63), of which RMB9,168,953.21 were charged to profit or loss (six months ended 30 June 2014: RMB9,053,396.27).

The exploration rights were acquired through the acquisition of Shaanxi Xinxin by the Group in 2011. Shaanxi Xinxin has applied to convert the exploration rights of two mines located in Shangnan, Shaanxi into mining rights. As at 30 June 2015, the application was in the process of approving.

As at 30 June 2015 and 31 December 2014, there was no impairment on intangible assets provided.

As at 30 June 2015, certain land use rights with net book value of RMB25,696,476.28 (cost: RMB26,601,054.00) (31 December 2014: book value of RMB25,981,997.44 (cost: RMB26,601,054.00)) and certain buildings (Note 4(11)) were pledged to a bank to obtain a bank facility of RMB287,860,000.00. As at 30 June 2015, the Group obtained the loan of RMB228,000,000.00 under this banking facility.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (14) Intangible assets (Continued)

Land use rights by locations and useful lives are analysed as follows:

	30 June 2015	31 December 2014
In Mainland China –		
10 to 50 years	244,630,003.25	230,042,061.39
Over 50 years	3,660,107.73	3,660,107.73
	<b>248,290,110.98</b>	233,702,169.12

### (15) Goodwill

	30 June 2015	31 December 2014
The acquisition of Zhongxin Mining	17,844,894.10	17,844,894.10
The acquisition of Xinjiang Yakesi and Hami Jubao	9,987,911.01	9,987,911.01
The acquisition of Shaanxi Xinxin	254,745.09	254,745.09
	<b>28,087,550.20</b>	28,087,550.20

As at 30 June 2015 and 31 December 2014, the Group assessed impairment of goodwill (Note 2(29)(b)) according to the accounting policy of Note 2(20). Based on the result of assessment, the Group did not make impairment provision on goodwill. There is no movement of goodwill during the six months ended 30 June 2015.

The recoverable amount of assets group is calculated using discounted cash flow models in accordance with the approved five year budget by management. The cash flow beyond five years are extrapolated using the estimated growth rate below.



# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (15) Goodwill (Continued)

The key assumptions of discounted cash flow models are as follows:

	Zhongxin Mining	Xinjiang Yakesi and Hami Jubao
Growth rate	3%	3%
Gross margin	7%	14%
Discount rate	18%	18%

The weighted average growth rates applied by management are consistent with 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 pretax interests rates that are able to reflect the risks specific to the related asset groups and groups of asset groups. The above assumptions are used to assess the recoverable amount of each asset group and group of asset within the corresponding operating segment.

### (16) Other non-current assets

	30 June 2015	31 December 2014
Prepayments for purchase of land (a)	40,000,000.00	54,110,000.00
Prepaid utilities (b)	36,000,000.00	36,000,000.00
Total	76,000,000.00	90,110,000.00

(a) Included in the balance was RMB40,000,000.00 prepaid for purchase of a land use right for office building construction by Xinjiang Yakesi.

(b) The balance represented the prepayment for utilities of Xinjiang Yakesi, which will be offset the utilities to be incurred after 30 June 2016.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (17) Provision for asset impairment

	31 December 2014	Current period additions (Note 4(44))	Current period reduction		30 June 2015
			Reversal	Write-off	
Provision for bad debts	4,000,740.35	22,320.06	-	-	4,023,060.41
Including: Provision for bad debts of accounts receivable	3,904,393.94	22,320.06	-	-	3,926,714.00
Provision for bad debts of other receivables	96,346.41	-	-	-	96,346.41
Provision for decline in value of inventories	8,224,504.63	11,755,287.03	-	(8,083,949.30)	11,895,842.36
	12,225,244.98	11,777,607.09	-	(8,083,949.30)	15,918,902.77

### (18) Financial liabilities at fair value through profit or loss

	30 June 2015	31 December 2014
Gold lease and related future contracts (a)	637,646,119.00	651,181,670.00
Future contracts (b) (Note (3))	-	62,000.00
	637,646,119.00	651,243,670.00

(a) For the six months ended 30 June 2015, Wuxin Copper Mining, Kalatongke Mining and Xinjiang Yakesi signed gold lease contracts with banks to obtain short-term financing. For the purpose of managing the risk of the fluctuation of the price of gold, Wuxin Cooper Mining, Kalatongke Mining and Xinjiang Yakesi authorized the banks to purchase the gold future contracts in line with the quantity of gold leased and sold. As at 30 June 2015, the total fair value of the gold lease contracts and the related future contracts amounted to RMB637,646,119.00 (31 December 2014: RMB651,181,670.00). The balances of gold lease and the related future contracts of RMB95,196,000.00 (31 December 2014: RMB99,999,000.00) was pledged by copper concentrate of Wuxin Copper Mining of RMB151,216,948.00 (Note 4(7)).

(a) The Group entered into the future contracts in October 2013 with the initial hold fair value of zero. According to the terms of the future contracts, the Group settled majority of the future contracts. For the six months ended 30 June 2015, gains from the settlement of future contracts were RMB1,136,400.00 and commission were RMB57,503.75, net amount of gains was RMB1,078,896.25 (Note 4(46)). As at 30 June 2015, the Group held 150 lots (750 tons) of copper future contracts. According to the closing prices of Shanghai Futures Exchange on 30 June 2015, the fair value of the future contracts represented floating gains of RMB981,050.00 (Note 4 (2)) (31 December 2014: floating loss of RMB62,000.00).

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (19) Notes payable

	30 June 2015	31 December 2014
Bank acceptance notes	710,998,400.00	536,675,669.66

As at 30 June 2015 and 31 December 2014, all notes payable were due within one year.

### (20) Accounts payable

	30 June 2015	31 December 2014
Payable for purchase of materials	504,017,166.61	445,878,739.20
Payable for purchase of services	75,599,474.14	55,453,975.92
Payable for transportation fees	17,238,786.89	11,353,399.43
Others	9,746,923.71	1,389,486.75
	<b>606,602,351.35</b>	<b>514,075,601.30</b>

(a) As at 30 June 2015, accounts payable over one year with carrying amount of RMB50,057,416.24 (31 December 2014: RMB16,284,347.12) were mainly payables for purchase of materials.

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

	30 June 2015	31 December 2014
Within 3 months	489,921,954.76	456,440,393.10
3 to 6 months	39,424,982.82	26,704,031.60
Over 6 months	77,255,413.77	30,931,176.60
	<b>606,602,351.35</b>	<b>514,075,601.30</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (21) Advances from customers

	30 June 2015	31 December 2014
Advances for sales of goods	<b>123,598,480.09</b>	18,646,187.59

- (a) As at 30 June 2015, advances from customers over one year with carrying amount of RMB742,770.38 (31 December 2014: RMB757,856.18) were mainly advances for sales of goods.

### (22) Employee benefits payable

	30 June 2015	31 December 2014
Short-term employee benefits payable	<b>52,402,119.95</b>	50,989,800.23
Defined contribution plans payable	<b>1,377,697.34</b>	1,363,308.30
	<b>53,779,817.29</b>	52,353,108.53

#### (a) Short-term employee benefit payable

	31 December 2014	Current period additions	Current period reductions	30 June 2015
Salaries, bonuses, allowances and subsidies	35,434,336.73	118,554,698.79	(118,817,601.84)	<b>35,171,433.68</b>
Staff welfare	-	2,183,504.26	(1,838,319.26)	<b>345,185.00</b>
Social insurances	1,621,680.34	10,795,535.74	(10,806,952.61)	<b>1,610,263.47</b>
Including:				
Medical insurance	1,113,105.16	7,900,202.03	(7,909,311.79)	<b>1,103,995.40</b>
Work injury insurance	439,104.35	2,018,826.69	(2,019,473.76)	<b>438,457.28</b>
Maternity insurance	69,470.83	839,936.57	(841,596.61)	<b>67,810.79</b>
Illness insurance	-	36,570.45	(36,570.45)	<b>-</b>
Housing funds	2,354,189.93	11,314,144.60	(11,309,481.40)	<b>2,358,853.13</b>
Labour union fund and employee education fund	11,539,408.58	4,256,127.46	(2,910,000.17)	<b>12,885,535.87</b>
Others	40,184.65	369,671.57	(379,007.42)	<b>30,848.80</b>
	50,989,800.23	147,473,682.42	(146,061,362.70)	<b>52,402,119.95</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (22) Employee benefits payable (Continued)

#### (b) Defined contribution plans payable

	31 December 2014	Current period additions	Current period reductions	30 June 2015
Pension insurance	1,317,478.79	19,766,187.24	(19,782,019.12)	<b>1,301,646.91</b>
Unemployment insurance	45,829.51	1,843,595.75	(1,813,374.83)	<b>76,050.43</b>
	1,363,308.30	21,609,782.99	(21,595,393.95)	<b>1,377,697.34</b>

### (23) Taxes payable

	30 June 2015	31 December 2014
Value added tax payable	<b>9,760,559.64</b>	123,503.37
Income tax payables	<b>3,753,254.21</b>	4,735,738.01
Resource compensation fee	<b>2,185,373.62</b>	3,623,441.97
Stamp duty	<b>224,100.65</b>	1,172,917.40
Resource tax	<b>1,675,412.83</b>	787,795.52
Individual income tax	<b>179,573.77</b>	385,637.06
City maintenance and construction tax payable	<b>535,390.02</b>	9,122.53
Educational surcharge payable	<b>466,913.36</b>	3,362.90
Others	<b>361,903.98</b>	47,761.09
	<b>19,142,482.08</b>	10,889,279.85

### (24) Interest payable

	30 June 2015	31 December 2014
Interest of bond payable	<b>12,776,986.28</b>	30,723,287.66
Interest of long term borrowings	<b>3,923,793.49</b>	3,196,835.84
Interest of short term borrowings	<b>1,689,601.77</b>	2,494,110.14
	<b>18,390,381.54</b>	36,414,233.64

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (25) Other payables

	30 June 2015	31 December 2014
Payables due to related parties (Note 8(6)(e))	186,547,101.95	146,712,673.19
Payables for construction projects	178,586,891.84	163,135,946.92
Payables for purchase of equipments	88,272,346.39	121,476,009.56
Deposit for equity investment	6,000,000.00	6,000,000.00
Payable for sewage charges	2,942,678.00	1,471,506.00
Deposit for quality guarantee	1,012,382.17	8,926,369.65
Payable for professional service	490,433.30	2,401,443.41
Others	4,794,800.84	16,657,125.81
	<b>468,646,634.49</b>	<b>466,781,074.54</b>

(a) As at 30 June 2015, other payables over 1 year with carrying amount of RMB299,327,617.21 (31 December 2014: RMB162,595,131.15) 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.

### (26) Provisions

	31 December 2014	Current period additions (Note 4(43))	30 June 2015
Provision for close down, restoration and environmental costs	7,021,778.10	464,508.17	<b>7,486,286.27</b>

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.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (27) Current portion of non-current liabilities

	30 June 2015	31 December 2014
Current portion of long-term borrowings (Note 4(28)(a))	381,450,000.00	502,020,000.00

#### (a) Current portion of long-term borrowings

	30 June 2015	31 December 2014
Unsecured loans	373,450,000.00	492,020,000.00
Pledged loan	8,000,000.00	10,000,000.00
	381,450,000.00	502,020,000.00

### (28) Borrowings

#### (a) Long-term borrowings

	Currency	30 June 2015	31 December 2014
Unsecured loans	RMB	1,928,210,000.00	2,046,780,000.00
Pledged loans (i)	RMB	98,000,000.00	90,703,988.95
		2,026,210,000.00	2,137,483,988.95
Less: current portion of long-term borrowings (Note 4(27))		(381,450,000.00)	(502,020,000.00)
		1,644,760,000.00	1,635,463,988.95

As at 30 June 2015, the long-term borrowings were due for repayment since March 2016. The interests are paid on a quarterly basis, and the interest rates of long-term borrowings were from 5.84% to 7.73% annually (2014: 5.84% to 7.73%).

- (i) As at 30 June 2015, the long-term pledged loans of RMB98,000,000.00 (31 December 2014: RMB90,703,988.95) and short-term loans of RMB130,000,000.00 (Note 4(28)(b)(i)) were secured by certain buildings of Wuxin Copper Mining with the net book value of RMB1,212,583,890.58 (cost: RMB1,245,088,614.59) (Note 4(11)) and certain land use rights of Wuxin Copper Mining with the net book value of RMB25,696,476.28 (cost: RMB26,601,054.00) (Note 4(14)).

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (28) Borrowings (Continued)

#### (b) Short-term borrowings

	Currency	30 June 2015	31 December 2014
Unsecured loans	RMB	840,000,000.00	806,500,000.00
Pledged loans (i)	RMB	330,000,000.00	310,000,000.00
		<b>1,170,000,000.00</b>	1,116,500,000.00

For the six months ended 30 June 2015, the weighted average interest rate of short-term borrowings was from 4.74% to 6.30% (2014: 4.74% to 7.10%).

- (i) In 2014, Wuxin Copper Mining signed two pledged loan contracts with a bank in 2014. Certain copper concentrate of RMB308,800,000.00 was pledged to obtain short-term borrowings (Note 4(7)(a)). As at 30 June 2015, the balance of the borrowings were RMB200,000,000.00 (31 December 2014: RMB200,000,000.00). Wuxin Copper Mining pledged certain buildings with a bank with the net book value of RMB1,212,583,890.58 (cost: RMB1,245,088,614.59) and certain land use rights with the net book value of RMB25,696,476.28 (cost: RMB26,601,054.00). As at 30 June 2015, the short-term loan balance was RMB130,000,000.00 (31 December 2014: RMB110,000,000.00) (Note 4(28)(a)(i)).



# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (29) Bonds payable

	31 December 2014	Increase in current period	Amortization	Repayment in current period	30 June 2015	Nominal interest
Medium-term note	500,000,000.00	-	-	-	500,000,000.00	17,653,698.62

The related information was as follows:

	Par value	Issue date	Duration	Amount
Medium-term note	100.00	18 February 2014	3 years	500,000,000.00

The Company issued the medium-term note on 18 February 2014 with total amount of RMB500,000,000.00 and the duration of 3 years. The bond is calculated by the simple interest method and repaid annually, and the fixed interest rate is 7.12% (Note 4(24)).

### (30) Long-term payables

	30 June 2015	31 December 2014
Payables to a related party	50,000,000.00	50,000,000.00
	50,000,000.00	50,000,000.00
Less: discounted payables to a related party (a)	(3,374,925.98)	(4,184,429.24)
	46,625,074.02	45,815,570.76

(a) For the six months ended 30 June 2015, interest expense arising from discounted payables to a related party was RMB809,503.26 (Note 4(43)).

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (31) Deferred income

	31 December 2014	Current period Additions	Current period Reductions	30 June 2015	Causes
Government grants	52,585,559.19	–	(1,129,888.64)	<b>51,455,670.55</b>	Encourage enterprises development
Government grants items	31 December 2014	Current period Additions	Credited into non-operating income (Note4 (47)(a))	30 June 2015	Related to assets/related to income
The Company:					
– Project on concentration of reducing sodium	23,111.00	–	(2,666.00)	<b>20,445.00</b>	Related to assets
– Water resource utilization project	825,335.00	–	(28,000.00)	<b>797,335.00</b>	Related to assets
Sub-total of the Company	848,446.00	–	(30,666.00)	<b>817,780.00</b>	
Subsidiaries:					
– Enterprise development fund	22,422,957.15	–	(180,042.86)	<b>22,242,914.29</b>	Related to assets
– Land use right	8,915,557.84	–	(104,888.94)	<b>8,810,668.90</b>	Related to assets
– Project on exploration of No. 2 mine in Kalatongke Mining	7,617,333.34	–	(131,333.28)	<b>7,486,000.06</b>	Related to assets
– Project on energy saving	4,671,666.66	–	(322,499.99)	<b>4,349,166.67</b>	Related to assets
– Project on use of well water	2,430,000.00	–	(135,000.00)	<b>2,295,000.00</b>	Related to assets
– Project on technology improvement of nickel smelting	1,720,834.08	–	(87,499.98)	<b>1,633,334.10</b>	Related to assets
– General improvement project	1,440,000.00	–	(79,999.98)	<b>1,360,000.02</b>	Related to assets
– Project on technology improvement	1,291,111.12	–	(26,666.65)	<b>1,264,444.47</b>	Related to assets
– Department of Finance seedling special funds	800,000.00	–	–	<b>800,000.00</b>	Related to assets
– Online monitoring of pollution sources	360,000.00	–	(19,999.98)	<b>340,000.02</b>	Related to assets
– Project on recovery of No. 1 mine residual ore	67,653.00	–	(11,290.98)	<b>56,362.02</b>	Related to assets
Sub-total of Subsidiaries	51,737,113.19	–	(1,099,222.64)	<b>50,637,890.55</b>	
Total	52,585,559.19	–	(1,129,888.64)	<b>51,455,670.55</b>	

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (32) Deferred tax assets and deferred tax liabilities

#### (a) Deferred tax assets before offsetting

	30 June 2015		31 December 2014	
	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Deductible tax losses	157,292,703.13	37,865,998.25	92,432,522.46	22,695,067.83
Unrealized profit	140,280,973.90	23,777,125.93	146,439,418.63	23,800,994.50
Government grants	20,432,753.36	3,064,913.00	21,247,044.20	3,187,056.63
Assets impairment	4,816,700.32	749,758.27	5,257,572.71	815,889.12
Others	1,947,304.95	486,826.24	1,947,304.95	486,826.24
	<b>324,770,435.66</b>	<b>65,944,621.69</b>	267,323,862.95	50,985,834.32
Including Deferred tax asset to be recovered within 1 year (including 1 year)		<b>30,776,884.20</b>		33,722,725.71
Deferred tax asset to be recovered after 1 year		<b>35,167,737.49</b>		17,263,108.61
		<b>65,944,621.69</b>		50,985,834.32

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (32) Deferred tax assets and deferred tax liabilities (Continued)

#### (b) Deferred tax liabilities before offsetting

	30 June 2015		31 December 2014	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Business combination involving entities not under common control (i)	590,001,132.51	139,065,527.10	592,096,742.71	137,868,637.70
Unrealised losses	48,534,036.96	10,951,743.32	29,397,110.53	6,941,053.40
Depreciation	10,638,421.27	1,595,763.18	10,638,421.28	1,595,763.19
Discount of long-term payables	3,374,926.00	843,731.50	4,184,429.20	1,046,107.30
	<b>652,548,516.74</b>	<b>152,456,765.10</b>	636,316,703.72	147,451,561.59
Including				
Deferred tax liability to be recovered within 1 year (including 1 year)		12,444,708.76		9,089,147.72
Deferred tax liability to be recovered after 1 year		140,012,056.34		138,362,413.87
		<b>152,456,765.10</b>		147,451,561.59

- (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.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (32) Deferred tax assets and deferred tax liabilities (Continued)

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

	30 June 2015	31 December 2014
Deductible losses	477,687,862.34	232,621,269.92
Deductible temporary differences	10,777,890.80	6,967,672.27
	<b>488,465,753.14</b>	239,588,942.19

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

	30 June 2015	31 December 2014
2015	–	1,123,093.18
2016	3,057,965.76	3,057,965.76
2017	23,714,795.08	23,714,795.08
2018	21,685,031.43	21,685,031.43
2019	183,040,384.47	183,040,384.47
2020	246,189,685.60	–
	<b>477,687,862.34</b>	232,621,269.92

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

	30 June 2015		31 December 2014	
	Setoff amount	Balances after offsetting	Setoff amount	Balances after offsetting
Deferred tax assets	10,951,743.32	54,992,878.37	6,941,053.40	44,044,780.92
Deferred tax liabilities	10,951,743.32	141,505,021.79	6,941,053.40	140,510,508.19

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (33) Share capital

Domestic shares	30 June 2015		31 December 2014	
	Number of shares	% of issued capital	Number of shares	% of issued capital
Sponsors:				
Xinjiang Non-ferrous Group	885,204,000	40.06%	885,204,000	40.06%
Shanghai Yilian	282,896,000	12.80%	282,896,000	12.80%
Zhongjin Investment	198,028,000	8.96%	198,028,000	8.96%
Xiamen Zijin	56,580,000	2.56%	56,580,000	2.56%
Xinjiang Xinying	22,020,000	1.00%	22,020,000	1.00%
Shaanxi Honghao	6,272,000	0.28%	6,272,000	0.28%
Sub-total	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 RMB552,500,000.00 (Note 1).

There was no movement of share capital of the Company for six months ended 30 June 2015.

### (34) Capital surplus

	Contribution from Parent Company related to mining right (Note 1)	Share premium (Note 2)	Total
As at 31 December 2014 and 30 June 2015	35,393,957.53	4,219,360,899.96	4,254,754,857.49

Note 1: It represents 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 listed on the Hong Kong Stock Exchange in 2007.

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

For the six months ended 30 June 2015, there was no movement of capital surplus of the Company.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (35) Specific reserve

	31 December 2014	Current period additions	Current period reductions	30 June 2015
Safety fund (Note)	227,157.17	7,868,346.40	(6,640,671.70)	1,454,831.87
	31 December 2013	Current period additions	Current period reductions	30 June 2014
Safety fund (Note)	1,739,144.73	6,393,708.20	(5,307,203.32)	2,825,649.61

Note: Pursuant to certain regulations of CAIQI 16 [2012] 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 (2014: RMB10) per ton of mined raw ore; and at 4% of consumed amount or revenue of vitriol for Zhongxin Mining, Wuxin Copper Mining and FuKang Refinery. 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 RMB6,640,671.70 were used for safety related projects for the six months ended 30 June 2015 (six months ended 30 June 2014: RMB5,307,203.32).

### (36) Surplus reserve

	31 December 2014	Current period additions	Current period reductions	30 June 2015
Statutory reserve	249,625,789.74	–	–	249,625,789.74
	31 December 2013	Current period additions	Current period reductions	30 June 2014
Statutory reserve	225,379,515.90	–	–	225,379,515.90

Pursuant to the PRC Company Law and the Company's Articles of Association, every year the Company are 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 appropriate no surplus reserve for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (37) Undistributed profits

	Six months ended 30 June 2015	Six months ended 30 June 2014
Undistributed profits at the beginning of the period	256,711,684.04	203,196,020.03
Add: Net (loss)/profit attributable to the equity holders of the Company for the period	(251,799,844.23)	66,287,044.76
Less: Appropriation for statutory reserve	–	–
Undistributed profits at the end of the period	<b>4,911,839.81</b>	269,483,064.79

As at 30 June 2015, included in the undistributed profits, RMB61,028,423.75 was subsidiaries surplus reserve attributable to the Company (31 December 2014: RMB61,028,423.75). During the six months ended 30 June 2015, there was no surplus reserve accrued by the subsidiaries attributable to the Company (six months ended 30 June 2014: Nil).

	Six months ended 30 June 2015	Six months ended 30 June 2014
Dividends proposed but not paid as at period end	–	–
Total dividends paid in the period	–	–



# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (38) Revenue and cost of sales

	Six months ended 30 June 2015	Six months ended 30 June 2014
Revenue from main operation	1,196,188,778.53	1,115,625,366.75
Revenue from other operation	25,855,472.53	23,768,831.24
	<b>1,222,044,251.06</b>	<b>1,139,394,197.99</b>
	Six months ended 30 June 2015	Six months ended 30 June 2014
Cost of sales from main operation	1,293,257,512.48	934,925,793.16
Cost of sales from other operation	13,331,951.63	9,672,783.35
	<b>1,306,589,464.11</b>	<b>944,598,576.51</b>

#### (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 2015		Six months ended 30 June 2014	
	Revenue from main operation	Cost of sales from main operation	Revenue from main operation	Cost of sales from main operation
Copper cathode	930,564,247.86	1,005,621,909.04	137,129,077.32	116,897,552.21
Nickel cathode	118,723,018.07	116,188,083.79	960,548,896.10	804,447,470.12
Others	146,901,512.60	171,447,519.65	17,947,393.33	13,580,770.83
	<b>1,196,188,778.53</b>	<b>1,293,257,512.48</b>	<b>1,115,625,366.75</b>	<b>934,925,793.16</b>

#### (b) Revenue and cost of sales from other operation

	Six months ended 30 June 2015		Six months ended 30 June 2014	
	Revenue from other operation	Cost of sales from other operation	Revenue from other operation	Cost of sales from other operation
Scrap sales	11,330,445.19	–	10,942,591.33	22,557.70
Sales of electricity	10,172,460.65	10,230,175.43	7,785,213.73	7,773,333.14
Others	4,352,566.69	3,101,776.20	5,041,026.18	1,876,892.51
	<b>25,855,472.53</b>	<b>13,331,951.63</b>	<b>23,768,831.24</b>	<b>9,672,783.35</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (39) Expenses by nature

Cost of sales, selling and distribution expenses, general and administrative expenses in income statements by nature are shown as below:

	Six months ended 30 June 2015	Six months ended 30 June 2014
Raw materials and consumables used	1,042,170,298.31	240,279,427.63
Employee benefit expense	159,544,752.76	161,099,630.63
Depreciation	132,634,946.17	84,840,901.11
Energy Charge	91,567,459.44	65,344,480.95
External services fee	86,300,397.86	81,860,820.84
Transportation fee	33,004,550.31	9,250,640.98
Other overhead	18,730,548.05	1,656,034.61
Taxation	17,598,192.47	13,486,798.28
Amortisation	9,168,953.21	9,053,396.27
Safety fund	7,868,533.45	6,393,708.20
Mineral resources compensation fee	6,404,544.99	6,657,800.43
Administrative fees	3,499,585.19	1,977,029.79
Sewage charges	2,015,594.00	1,144,099.00
Service charge	1,710,000.00	1,700,450.04
Changes in inventories of finished goods and work in progress	(198,995,124.52)	328,329,047.69
Others	8,337,252.06	7,448,241.20
	<b>1,421,560,484.65</b>	<b>1,020,522,507.65</b>

### (40) Taxes and surcharges

	Six months ended 30 June 2015	Six months ended 30 June 2014	Charging standards
City maintenance and construction tax	2,283,638.60	3,494,364.64	Note 3
Education surcharge	2,125,543.81	3,244,250.05	Note 3
Others	24,868.55	455,012.52	
	<b>4,434,050.96</b>	<b>7,193,627.21</b>	

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (41) Selling and distribution expenses

	Six months ended 30 June 2015	Six months ended 30 June 2014
Transportation fee	33,004,550.31	9,250,640.98
Employee benefits	1,422,507.74	752,675.08
Administration and travel expense	188,969.84	186,004.11
Depreciation	68,328.74	75,247.71
Others	99,493.87	77,482.63
	<b>34,783,850.50</b>	<b>10,342,050.51</b>

### (42) General and administrative expenses

	Six months ended 30 June 2015	Six months ended 30 June 2014
Employee benefits	36,152,031.53	34,687,863.70
Depreciation and amortization	10,859,346.57	6,370,772.60
Taxation	10,289,393.69	6,293,171.07
Mineral resources compensation fee	6,404,544.99	6,657,800.43
Intermediary agency fee	3,025,751.29	1,404,095.47
Administration expense	2,153,831.25	1,791,025.68
Sewage charge	2,015,594.00	1,144,099.00
Service charge	1,710,000.00	1,700,450.04
Operating leases expenses	954,203.27	833,656.11
Others	6,622,473.45	4,698,946.53
	<b>80,187,170.04</b>	<b>65,581,880.63</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (43) Financial expenses – net

	Six months ended 30 June 2015	Six months ended 30 June 2014
Interest expense	137,756,527.22	147,446,516.96
Include: Bank loans	120,102,828.60	143,384,516.96
Bond payable	17,653,698.62	–
Other borrowings	–	4,062,000.00
Less: Capitalised interest expenses (Note 4(13)(a))	(14,160,687.50)	(96,588,699.11)
Less: Interest income on bank deposits	(10,715,933.52)	(3,852,382.36)
Interest on bills discounted	–	1,469,722.23
Bank charges	3,770,228.52	2,382,878.75
Unwinding of discount-net (Note 4(26)/(30))	1,274,011.43	1,479,903.24
Foreign exchange losses/(gains)	1,158,275.39	(2,683,811.40)
	<b>119,082,421.54</b>	49,654,128.31

Interest expenses are analysed by the repayment terms of bank and other borrowings as follows:

	30 June 2015		30 June 2014	
	Bank loans	Other borrowings	Bank loans	Other borrowings
Last repayment date of the loan within five years	88,150,287.89	–	110,507,971.08	4,062,000.00
Last repayment date of the loan after five years	31,952,540.71	–	32,876,545.88	–
	<b>120,102,828.60</b>	–	143,384,516.96	4,062,000.00

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (44) Asset impairment (losses)/reversal (Note 4(17))

	Six months ended 30 June 2015	Six months ended 30 June 2014
Provision for decline in value of inventories	(11,755,287.03)	–
Reversal of provision in value of inventories	–	10,861,091.83
Provision for bad debts for accounts receivable and other receivables	(22,320.06)	(387,305.10)
	<b>(11,777,607.09)</b>	<b>10,473,786.73</b>

### (45) Gains/(losses) on the changes in fair value

	Six months ended 30 June 2015	Six months ended 30 June 2014
Gains/(losses) on the changes in fair value of future contracts (Note 4(2))	<b>1,043,050.00</b>	(961,500.00)

### (46) Investment losses

	Six months ended 30 June 2015	Six months ended 30 June 2014
Income from a joint-venture under equity method (Note 4(10))	(10,123,930.57)	2,488,070.43
Offset unrealized loss/(profit) between the joint-venture and the Group	740,601.47	(4,060,024.32)
Net income/(losses) resulted from settlement of future contracts (Note 4(2))	<b>1,078,896.25</b>	(16,194,728.64)
	<b>(8,304,432.85)</b>	<b>(17,766,682.53)</b>

There is no significant restriction on recovery of investment income.

Investment losses were all from non-listed investments for the six months ended 30 June 2015 (six months ended 30 June 2014: investment losses of RMB17,766,682.53 from non-listed investments).

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (47) Non-operating income

	Six months ended 30 June 2015	Six months ended 30 June 2014	Amount recognised in non-recurring profit or loss for the six months ended 30 June 2015
Government grants (a)	1,654,897.52	1,750,224.96	1,654,897.52
Gains on disposal of fixed assets	–	97,424.26	–
Others	1,302,265.24	357,420.86	1,302,265.24
	<b>2,957,162.76</b>	<b>2,205,070.08</b>	<b>2,957,162.76</b>

#### (a) Details of government grants

	Six months ended 30 June 2015	Six months ended 30 June 2014	Related to assets/ Related to income
Energy saving subsidies	806,999.21	–	Related to assets
Funds for infrastructure construction	180,042.86	–	Related to assets
Land compensation	104,888.94	–	Related to assets
Mining equipment	11,290.98	–	Related to assets
Special funds for technological transformation	26,666.65	–	Related to assets
Funds for the development of new type industry	–	312,499.96	Related to assets
Others	–	16,291.00	Related to assets
<b>Sub-total (Note 4(31))</b>	<b>1,129,888.64</b>	<b>328,790.96</b>	
Funds for research and development projects	300,000.00	–	Related to income
Funds for Cleaning production	100,000.00	–	Related to income
Tax refunded-platinum	56,311.32	–	Related to income
Subsidies for social security	43,497.56	–	Related to income
Imported discount special funds	–	908,328.00	Related to income
SME Development fund	–	200,000.00	Related to income
Enterprise development funds	–	103,139.00	Related to income
Foreign trade and economic	–	100,000.00	Related to income
Talent recruitment project special fund	–	79,301.00	Related to income
Washing sodium project special funds	–	30,666.00	Related to income
Others	25,200.00	–	Related to income
<b>Sub-total</b>	<b>525,008.88</b>	<b>1,421,434.00</b>	
<b>Total</b>	<b>1,654,897.52</b>	<b>1,750,224.96</b>	

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (48) Non-operating expenses

	Six months ended 30 June 2015	Six months ended 30 June 2014	Amount recognised in non-recurring profit or loss for the six months ended 30 June 2015
Donations	121,335.00	155,377.60	121,335.00
Losses on disposal of fixed assets	55,208.82	–	55,208.82
Penalties and fines	38,690.86	246,240.00	38,690.86
Others	396,379.31	58,318.35	396,379.31
	<b>611,613.99</b>	459,935.95	<b>611,613.99</b>

### (49) Income tax expenses

	Six months ended 30 June 2015	Six months ended 30 June 2014
Current income tax	9,166,747.30	6,229,669.53
Deferred income tax	(9,953,583.85)	(4,286,614.35)
	<b>(786,836.55)</b>	1,943,055.18

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (49) Income tax expenses (Continued)

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

	Six months ended 30 June 2015	Six months ended 30 June 2014
Consolidated total (loss)/profit	<b>(339,726,147.26)</b>	55,514,673.15
Income tax expenses calculated at applicable tax rate of 25%	<b>(84,931,536.82)</b>	13,878,668.29
Effect of tax reductions	<b>6,871,307.06</b>	(11,514,262.09)
Income not subject to tax identification	–	(1,244,035.22)
Expenses not deductible for tax purposes	<b>4,959,260.64</b>	1,093,417.07
Deductible temporary differences for which no deferred tax assets were recognised	<b>64,241,894.10</b>	9,231,474.69
Clearance difference in respect of prior year	<b>8,072,238.47</b>	(9,502,207.56)
	<b>(786,836.55)</b>	1,943,055.18

### (50) (Loss)/earnings per share

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

	Six months ended 30 June 2015	Six months ended 30 June 2014
Consolidated net (loss)/profit attributable to equity holders of the Company	<b>(251,799,844.23)</b>	66,287,044.76
Weighted average number of ordinary shares in issue of the Company	<b>2,210,000,000.00</b>	2,210,000,000.00
Basic/diluted (loss)/earnings per share	<b>(0.114)</b>	0.03

Diluted (loss)/earnings per share is calculated by dividing net (loss)/profit attributable to equity holders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares in issue of the Company. As there were no dilutive potential ordinary shares for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil), diluted (loss)/earnings per share equals to basic (loss)/earnings per share.



# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (51) Notes to consolidated cash flow statements

#### (a) Cash received relating to other operating activities

	Six months ended 30 June 2015	Six months ended 30 June 2014
Interest income	10,715,933.52	3,852,382.36
Government grants received	525,008.88	1,426,434.00
The receipt of restricted cash at banks	–	29,008,955.43
Others	1,302,265.24	1,021,865.92
	<b>12,543,207.64</b>	<b>35,309,637.71</b>

#### (b) Cash paid relating to other operating activities

	Six months ended 30 June 2015	Six months ended 30 June 2014
Restricted cash at banks	52,675,288.14	–
Transportation expenses	27,119,162.85	9,250,640.98
Bank charges	3,770,228.52	–
Office expenses	3,420,289.30	3,005,179.01
Professional service fee	2,666,919.47	1,404,095.47
Comprehensive supporting service fee	1,710,000.00	1,600,500.00
Sewage charge	544,422.00	1,144,099.00
Donations	121,335.00	136,605.00
Others	9,051,259.30	6,023,560.60
	<b>101,078,904.58</b>	<b>22,564,680.06</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (52) Supplementary information of consolidated cash flow statement

#### (a) Reconciliation from net consolidated (loss)/profit to cash flows from operating activities

	Six months ended 30 June 2015	Six months ended 30 June 2014
Net consolidated (loss)/profit	<b>(338,939,310.71)</b>	53,571,617.97
Adjustment:		
Provisions/(Reversal) for asset impairment (Note 4(44))	<b>11,777,607.09</b>	(10,473,786.73)
Changes in the fair value of financial liabilities for trading (profit)/losses (Note 4(45))	<b>(1,043,050.00)</b>	961,500.00
Depreciation of fixed assets (Note 4(11))	<b>132,634,946.17</b>	84,840,901.11
Amortisation of intangible assets (Note 4(14))	<b>9,168,953.21</b>	9,053,396.27
Amortisation of long-term prepaid expenses	<b>21,870.00</b>	–
Loss/(gain) on disposal of fixed assets	<b>55,208.82</b>	(97,424.26)
Increase in deferred tax assets	<b>(10,948,097.45)</b>	(3,925,891.68)
Increase/(decrease) in deferred tax liabilities	<b>994,513.60</b>	(360,722.67)
Financial expenses	<b>126,028,126.54</b>	52,337,721.09
Investment loss (Note 4(46))	<b>8,304,432.85</b>	17,766,682.53
Decrease/(increase) in inventories	<b>1,393,408.33</b>	(286,791,418.91)
Safety production costs accrued unused (Note 4(35))	<b>1,227,861.75</b>	1,086,873.16
Decrease/(increase) in operating receivables	<b>217,890,726.72</b>	(406,448,637.03)
Increase in operating payables	<b>176,427,402.02</b>	365,983,134.66
Decrease/(increase) in restricted cash at banks	<b>(52,675,288.14)</b>	29,008,955.43
<b>Net cash flows from operating activities</b>	<b>282,319,310.80</b>	(93,487,099.06)

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 4 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (52) Supplementary information of consolidated cash flow statement (Continued)

#### (a) Reconciliation from net consolidated (loss)/profit to cash flows from operating activities (continued)

Movement of cash and cash equivalents

	Six months ended 30 June 2015	Six months ended 30 June 2014
Cash and cash equivalents at the end of the period (b)	500,556,035.97	499,018,338.66
Less: Cash and cash equivalents at the beginning of the period	(558,623,508.86)	(577,907,940.25)
Net decrease in cash and cash equivalents	(58,067,472.89)	(78,889,601.59)

#### (b) Cash and cash equivalents

	30 June 2015	30 June 2014
Cash	500,556,035.97	499,018,338.66
Including: Cash on hand	77,254.87	104,096.85
Cash at bank	500,478,781.10	498,914,241.81
Cash and cash equivalents	500,556,035.97	499,018,338.66

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 5 EQUITY IN OTHER MAIN BODIES

### (1) Investments in subsidiaries

#### (a) The constitutions of business combinations

Name of subsidiaries	The main premises	Place of registration	Nature of business	% equity interest held by the group		Method of investments
				Direct	Indirect	
Mengxi Mining	Hami, the PRC	Hami, the PRC	Mining	51%	–	Through establishment or investment
Wuxin Copper Mining	Fukang, the PRC	Fukang, the PRC	Smelting	66%	–	Through establishment or investment
Kalatongke Mining	Fuyun, the PRC	Fuyun, the PRC	Mining and smelting	100%	–	Through establishment or investment
Beijing Xinding	Beijing, the PRC	Beijing, the PRC	Research and Development	100%	–	Through establishment or investment
Xinjiang Yakesi	Hami, the PRC	Hami, the PRC	Mining	100%	–	Business combination not under common control
Hami Jubao	Hami, the PRC	Hami, the PRC	Mining	100%	–	Business combination not under common control
Zhongxin Mining	Hami, the PRC	Hami, the PRC	Smelting	97.58%	–	Business combination not under common control
Shaanxi Xinxin	Shangnan, the PRC	Shangnan, the PRC	Mining	51%	–	Business combination not under common control
Xinlin Chemical	Fukang, the PRC	Fukang, the PRC	Investing in phosphate fertilizer, compound fertilizer and other chemical products	–	100%	Through establishment or investment
Hami Lixin	Hami, the PRC	Hami, the PRC	Producing and selling construction materials	–	100%	Business combination not under common control

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

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 5 EQUITY IN OTHER MAIN BODIES (CONTINUED)

### (1) Investments in subsidiaries (Continued)

#### (b) Subsidiaries with significant non-controlling interests rights

	% equity Interest held by non-controlling equity holders	Amount of gains or losses attributed to non-controlling equity holders for the six months ended 30 June 2015	Dividend declared/ allocated to non-controlling equity holders this period	Non-controlling interests 30 June 2015
Zhongxin Mining	2.42%	132,882.64	–	1,241,758.88
Shaanxi Xinxin	49.00%	(325,733.34)	–	73,797,633.74
Mengxi Mining	49.00%	62,135.53	–	2,069,513.80
Wuxin Copper Mining	34.00%	(87,008,751.31)	–	120,773,151.72
		(87,139,466.48)	–	197,882,058.14

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

Name of subsidiaries	30 June 2015					
	Current assets	Non-current assets	Total assests	Current liabilities	Non-current liabilities	Total Liabilities
Zhongxin Mining	288,192,364.92	181,439,566.04	469,631,930.96	464,987,268.19	8,810,668.90	473,797,937.09
Shaanxi Xinxin	428,202.63	14,813,959.82	15,242,162.45	10,999,496.63	–	10,999,496.63
Mengxi Mining	9,704,897.56	–	9,704,897.56	5,481,400.00	–	5,481,400.00
Wuxin Copper Mining	1,823,053,032.83	2,250,580,869.68	4,073,633,902.51	2,448,415,836.12	1,270,002,914.29	3,718,418,750.41

Name of subsidiaries	31 December 2014					
	Current assets	Non-current assets	Total assests	Current liabilities	Non-current liabilities	Total Liabilities
Zhongxin Mining	188,156,913.74	180,727,821.28	368,884,735.02	353,065,889.95	8,915,557.84	361,981,447.79
Shaanxi Xinxin	385,243.59	14,815,935.00	15,201,178.59	10,293,750.86	–	10,293,750.86
Mengxi Mining	9,657,721.50	–	9,657,721.50	5,561,031.15	–	5,561,031.15
Wuxin Copper Mining	2,087,346,247.18	2,258,040,818.42	4,345,387,065.60	2,473,376,875.32	1,260,886,946.10	3,734,263,821.42

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 5 EQUITY IN OTHER MAIN BODIES (CONTINUED)

### (1) Investments in subsidiaries (Continued)

#### (b) Subsidiaries with significant non-controlling interests rights (continued)

Name of subsidiaries	Six months ended 30 June 2015			
	Revenue	Net (loss)/profit	Total comprehensive (losses)/income	Operating cash flow
Zhongxin Mining	152,683,525.18	(11,077,022.09)	(11,077,022.09)	5,545,660.17
Shaanxi Xinxin	–	(664,761.91)	(664,761.91)	43,359.04
Mengxi Mining	–	126,807.21	126,807.21	47,176.06
Wuxin Copper Mining	934,377,027.50	(255,908,092.08)	(255,908,092.08)	334,552,379.95

  

Name of subsidiaries	Six months ended 30 June 2014			
	Revenue	Net loss	Total comprehensive loss	Operating cash flow
Zhongxin Mining	203,561,648.43	(1,487,056.22)	(1,487,056.22)	8,576,847.34
Shaanxi Xinxin	–	(780,363.55)	(780,363.55)	439,600.67
Mengxi Mining	–	(3,379.83)	(3,379.83)	(30,193.56)
Wuxin Copper Mining	2,983,276.37	(36,141,255.35)	(36,141,255.35)	(129,032,651.23)

### (2) Interests in joint-venture

#### (a) Basic information for important joint venture

Name of joint-venture	The main premises	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.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 5 EQUITY IN OTHER MAIN BODIES (CONTINUED)

### (2) Interests in joint-venture (Continued)

#### (b) Key financial information of the joint-venture

	30 June 2015	31 December 2014
Current assets	96,643,736.14	74,961,259.10
Including: Cash and cash equivalents	23,860,656.30	10,627,662.36
Non-current assets	489,740,744.34	501,960,831.18
<b>Total assets</b>	<b>586,384,480.48</b>	<b>576,922,090.28</b>
Current liabilities	(316,452,806.36)	(266,242,555.02)
Non-current liabilities	(67,500,000.00)	(88,000,000.00)
<b>Total liabilities</b>	<b>(383,952,806.36)</b>	<b>(354,242,555.02)</b>
<b>Shareholders' equity</b>	<b>202,431,674.12</b>	<b>222,679,535.26</b>
Share of net assets (i)	101,215,837.06	111,339,767.63
Adjusting events		
– Goodwill	44,668,386.35	44,668,386.35
– Offset of unrealised loss	740,601.47	2,277,643.56
<b>Book value of the investments of joint venture</b>	<b>145,884,223.41</b>	<b>156,008,153.98</b>
<b>Fair value of the joint venture in open market</b>	<b>Not applicable</b>	Not applicable
	<b>Six months ended 30 June 2015</b>	Six months ended 30 June 2014
Revenue	19,589,471.32	64,495,529.35
Interest expense	(15,957,196.86)	(7,646,240.66)
Income tax	(108,477.49)	–
Net profit	(20,247,861.14)	4,976,140.86
Other comprehensive income	–	–
<b>Total comprehensive income</b>	<b>(20,247,861.14)</b>	<b>4,976,140.86</b>
<b>Dividends received from joint-venture</b>	<b>–</b>	–

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

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 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 as one operating segment.

For the six months ended 30 June 2015 and for the six months ended 30 June 2014, 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 2015, revenue of top three customers of the Group accounted for 21%, 16% and 10% of the total revenue of the Group respectively (six months ended 30 June 2014: 17%, 16% and 12%).

## 7 CONTINGENCIES

### (1) Environmental contingencies

Historically, the Group has not incurred any significant expenditure for environmental remediation. Further, except as disclosed in Note 4(26), 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 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

### (1) Information of the parent company

#### (a) Information of the parent company

Name of company	Place of registration	Type of business
Xinjiang Non-ferrous Group	Youse Building No. 4 You Hao North Road Urumqi Xinjiang	State-owned company

The Company's ultimate controlling party is Xinjiang Non-ferrous Group.

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

Name of company	31 December 2014	Current period additions	Current period reductions	30 June 2015
Xinjiang Non-ferrous Group	1,441,525,444.00	–	–	1,441,525,444.00

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

Name of company	30 June 2015 % interests held and % voting rights	31 December 2014 % 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 2015  
(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 holding company
Hexin Mining	Joint venture
Xinjiang Haoxin Lithia Developing Co., Ltd.	Fellow subsidiary
Xinjiang Non-ferrous Metallurgy Transportation 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.	Fellow subsidiary
Beijing Baodi Xindi Kemao Co., Ltd.	Fellow subsidiary
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	Fellow subsidiary
Xinjiang Non-ferrous Geological Engineering Co., Ltd.	Fellow subsidiary
Xinjiang Dongsanhuan Trading Co., Ltd.	Fellow subsidiary
Xinjiang Non-ferrous Metal Industry Group Yili Aluminium Factory	Fellow subsidiary
The Western Gold Hami Gold Mine Co., Ltd.	Fellow subsidiary
Xinjiang Non-ferrous Metal Industry Group Tianchi Mining Co., Ltd.	Fellow subsidiary
Xinjiang Zhanxin Fire Isulation Materials Co., Ltd.	Fellow subsidiary
Fukang Non-ferrous Property Management Co., Ltd.	Fellow subsidiary
Urumqi Tianshanxing Precious Metal Smelting Co., Ltd.	Fellow subsidiary
Xinjiang Non-ferrous Metals Company Hospital	Fellow subsidiary
Xinjiang Institute of Non-ferrous Metals	Fellow subsidiary

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (5) Related party transactions

#### (a) Pricing policy

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.

#### (b) Purchases of materials

	Six months ended 30 June 2015	Six months ended 30 June 2014
<b>Purchase of copper concentrate</b>		
Xinjiang Ashele Copper Industry Co., Ltd.	153,480,411.91	82,978,456.17
Hexin Mining	4,032,945.21	–
<b>Purchase of nickel concentrate</b>		
Hexin Mining	14,675,051.07	47,727,587.51
<b>Purchase of raw materials, consumables and equipment</b>		
Fukang Non-ferrous Development Co., Ltd.	7,699,183.01	5,839,648.86
Xinjiang Dongsanhuan Trading Co., Ltd.	7,177,289.59	1,334,600.00
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	1,451,839.50	–
Xinjiang Non-ferrous Metal Industrial Group Materials Co., Ltd.	–	687,814.50
<b>Purchase of equipment parts</b>		
China Non-ferrous Metal Import and Export Xinjiang Co., Ltd.	183,786.38	–
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	173,748.72	81,322.00
Xinjiang Non-ferrous Metal Industrial Group Materials Co., Ltd.	117,995.00	–
	<b>188,992,250.39</b>	<b>138,649,429.04</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(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

	Six months ended 30 June 2015	Six months ended 30 June 2014
<b>Construction services</b>		
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	22,724,778.85	63,796,299.52
<b>Transportation services</b>		
Fukang Non-ferrous Development Co., Ltd.	6,621,175.29	8,659,894.71
Xinjiang Non-ferrous Metallurgy Transportation Co., Ltd.	2,655,471.28	2,830,058.80
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	354,102.71	92,381.47
<b>Other services</b>		
Fukang Non-ferrous Development Co., Ltd.	1,499,527.99	–
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	230,812.28	390,165.32
Fukang Non-ferrous Property Management Co., Ltd.	205,920.00	2,208.14
Urumqi Tianshanxing Precious Metal Smelting Co., Ltd.	24,360.69	–
Xinjiang Institute of Non-ferrous Metals	–	47,169.81
<b>Comprehensive supporting services</b>		
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	1,710,000.00	1,700,450.04
<b>Storage fee</b>		
Beijing Baodi Xindi Kemao Co., Ltd.	–	833,985.02
<b>Provision of heat</b>		
Fukang Non-ferrous Development Co., Ltd.	13,001.00	22,287.00
	<b>36,039,150.09</b>	<b>78,374,899.83</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(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

	Six months ended 30 June 2015	Six months ended 30 June 2014
Fuyun Hengsheng Beryllium Industry Co., Ltd.	4,313,905.70	8,140,121.22
Xinjiang Dongsanhuan Trading Co., Ltd.	1,065,166.36	–
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	880,994.86	1,043,361.45
Urumqi Tianshanxing Precious Metal Smelting Co., Ltd.	–	9,649,679.35
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	–	7,342.58
	<b>6,260,066.92</b>	<b>18,840,504.60</b>

#### (e) Leases

As lessor:

Name of lessee	Type of rental assets	Lease revenue recognized during six months ended 30 June 2015	Lease revenue recognized during six months ended 30 June 2014
Hexin Mining	Building	8,333.00	–
Xinjiang Zhanxin Fire Isolation Materials Co., Ltd.	Land-use right	–	71,700.00
		<b>8,333.00</b>	<b>71,700.00</b>

As lessee:

Name of lessor	Type of rental assets	Lease expenses recognized during six months ended 30 June 2015	Lease expenses recognized during six months ended 30 June 2014
Xinjiang Non-ferrous Group	Building	817,965.00	817,965.00
		<b>817,965.00</b>	<b>817,965.00</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (5) Related party transactions (Continued)

#### (f) Guarantee

As guarantor

Name of Company	Amount of bank loans guaranteed	Starting date	Ending date	Fulfilled or not
Hexin Mining	25,000,000.00	18 June 2014	18 June 2015	Yes
Hexin Mining	9,250,000.00	26 June 2013	25 June 2015	Yes
Total amount of guarantee has been fulfilled				
	34,250,000.00			

Hexin Mining	60,000,000.00	18 December 2014	18 December 2015	No
Hexin Mining	540,000.00	26 October 2010	26 October 2015	No
Hexin Mining	360,000.00	4 November 2010	26 October 2015	No
Hexin Mining	13,000,000.00	22 January 2014	21 January 2017	No
Hexin Mining	2,500,000.00	26 September 2014	25 September 2015	No
Hexin Mining	2,500,000.00	30 September 2014	29 September 2015	No
Hexin Mining	10,000,000.00	1 October 2014	30 September 2015	No
Hexin Mining	12,750,000.00	27 August 2014	25 August 2016	No
Hexin Mining	20,000,000.00	6 January 2015	6 January 2016	No
Hexin Mining	15,000,000.00	30 June 2015	30 June 2016	No
Hexin Mining	10,000,000.00	17 March 2015	17 March 2016	No
Hexin Mining	25,000,000.00	12 May 2015	12 June 2015	No

Total amount of guarantee remains in force 171,650,000.00

#### (g) Loans provided to/(received from) a related party

	Six months ended 30 June 2015	Six months ended 30 June 2014
Loans provided to Hexin Mining	10,000,000.00	105,000,000.00
Loans received from Hexin Mining	(10,000,000.00)	(105,000,000.00)

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (5) Related party transactions (Continued)

#### (h) Loans received from a related party

	Six months ended 30 June 2015	Six months ended 30 June 2014
Loans received from Xinjiang Non-ferrous Group	45,000,000.00	100,000,000.00

#### (i) 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 September 2005 to 20 March 2019.

#### (j) Remuneration of key management

	Six months ended 30 June 2015	Six months ended 30 June 2014
Remuneration of key management	2,230,050.80	2,041,197.35

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (5) Related party transactions (Continued)

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

Directors, supervisors and chief executive officer's emoluments for the six months ended 30 June 2015 are as follows:

Name	Fee	Salary and allowance	Pension	Total
Directors:				
Shi Wenfeng	–	278,020.00	14,119.00	292,139.00
Lu Xiaoping	–	217,586.67	14,119.00	231,705.67
Guo Quan (Appointed on 22 May 2015)	–	161,696.00	9,539.00	171,235.00
Zhang Guohua (Resigned on 3 March 2015)	–	89,693.30	4,580.00	94,273.30
Li Yongsen	51,182.30	–	–	51,182.30
Chen Jianguo	35,000.00	–	–	35,000.00
Wang Lijin	35,000.00	–	–	35,000.00
<b>Total</b>	<b>121,182.30</b>	<b>746,995.97</b>	<b>42,357.00</b>	<b>910,535.27</b>
Supervisors:				
Wang Haibang	–	174,546.60	14,119.00	188,665.60
Sun Baohui	–	90,688.21	14,119.00	104,807.21
Yao Wenying (Appointed on 22 May 2015)	–	36,666.67	–	36,666.67
Hu Zhijiang	–	20,000.00	–	20,000.00
<b>Total</b>	<b>–</b>	<b>321,901.48</b>	<b>28,238.00</b>	<b>350,139.48</b>



# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (5) Related party transactions (Continued)

#### (k) Directors, supervisors and chief executive officer's emoluments (continued)

Directors, supervisors and chief executive officer's emoluments for the six months ended 30 June 2014 are as follows:

Name	Fee	Salary and allowance	Pension	Total
Directors:				
Yuan Ze (Resigned on 5 August 2014)	–	266,800.00	–	266,800.00
Shi Wenfeng	–	215,214.00	12,908.40	228,122.40
Zhang Guohua	–	215,214.00	12,908.40	228,122.40
Lu Xiaoping (Resigned on 23 May 2014)	–	28,704.00	2,220.80	30,924.80
Li Yongsen	21,956.46	–	–	21,956.46
Chen Jianguo	35,000.00	–	–	35,000.00
Wang Lijin	35,000.00	–	–	35,000.00
<b>Total</b>	<b>91,956.46</b>	<b>725,932.00</b>	<b>28,037.60</b>	<b>845,926.06</b>
Supervisors:				
Sun Baohui	–	120,303.98	13,116.60	133,420.58
Wang Haibang	–	155,412.00	12,908.40	168,320.40
Hu Zhijiang	20,000.00	–	–	20,000.00
Chen Yuping (Resigned on 14 November 2014)	20,000.00	–	–	20,000.00
<b>Total</b>	<b>40,000.00</b>	<b>275,715.98</b>	<b>26,025.00</b>	<b>341,740.98</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (5) Related party transactions (Continued)

#### (k) Directors, supervisors and chief executive officer's emoluments (continued)

*The five highest paid individuals*

The five individuals whose emoluments were the highest in the Group for the six months ended 30 June 2015 included 2 (six months ended 30 June 2014: 4) directors whose emoluments were reflected in the analysis presented above. The emoluments payable to the remaining 3 (six months ended 30 June 2014: 1) individuals during the period are as follows:

	<b>Six months ended 30 June 2015</b>	Six months ended 30 June 2014
Basic salaries, bonus, housing allowance, other allowances in kind	<b>737,667.72</b>	304,947.31
	<b>Number of individuals</b>	
	<b>Six months ended 30 June 2015</b>	Six months ended 30 June 2014
Emolument bands: HK\$0 – 1,000,000 (approximately RMB0 – 788,610)	<b>3</b>	1

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(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:

		30 June 2015		31 December 2014	
		Ending balance	Provision for bad debts	Ending balance	Provision for bad debts
(a)	Accounts receivable (Note 4(4)(b))				
	Fuyun Hengsheng Beryllium Industry Co., Ltd.	1,187,810.20	(1,155,416.10)	1,187,810.20	(1,155,416.10)
	Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	772,535.00	–	964,058.72	–
	Xinjiang Dongsanhuan Trading Co., Ltd.	346,244.64	–	896,825.26	–
	Xinjiang Haoxin Lithia Developing Co., Ltd.	301,201.70	(301,201.70)	301,201.70	(301,201.70)
	Xinjiang Zhanxin Fire Isulation Materials Co., Ltd.	86,660.00	–	86,660.00	–
		<b>2,694,451.54</b>	<b>(1,456,617.80)</b>	<b>3,436,555.88</b>	<b>(1,456,617.80)</b>
(b)	Other receivables (Note 4(5)(b))				
	Hexin Mining	2,661,297.90	–	2,702,042.90	–
	Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	1,000,000.00	–	1,780.51	–
	Fuyun Hengsheng Beryllium Industry Co., Ltd.	300,657.81	–	–	–
	Xinjiang Zhanxin Fire Isulation Materials Co., Ltd.	–	–	35,850.00	–
		<b>3,961,955.71</b>	<b>–</b>	<b>2,739,673.41</b>	<b>–</b>
(c)	Advances to suppliers				
	China Non-ferrous Metal Import and Export Xinjiang Co., Ltd.	222,530.06	–	–	–
	Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	50,275.60	–	157,390.60	–
	Fukang Non-ferrous Development Co., Ltd.	30,000.00	–	–	–
	Xinjiang Ashele Copper Industry Co., Ltd.	–	–	32,549,653.78	–
		<b>302,805.66</b>	<b>–</b>	<b>32,707,044.38</b>	<b>–</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(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)

#### Payables to related parties:

		30 June 2015	31 December 2014
(d) Accounts payable	Hexin Mining	12,947,940.45	28,780,411.25
	Fukang Non-ferrous Development Co., Ltd.	8,282,758.33	10,440,934.98
	Xinjiang Dongsanhuan Trading Co., Ltd.	6,547,976.49	7,572,536.80
	Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	2,724,979.89	3,122,499.24
	China Non-ferrous Metal Import and Export Xinjiang Co., Ltd.	1,536,873.50	1,536,873.50
	Xinjiang Non-ferrous Metallurgy Transportation Co., Ltd.	1,142,972.17	1,609,462.98
	Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	254,346.80	12,672.00
	Fukang Non-ferrous Property Management Co., Ltd.	208,306.71	115,846.71
	Xinjiang Non-ferrous Industry Group Precious Metal Co., Ltd.	149,455.33	249,455.33
	Xinjiang Non-ferrous Metal Industrial Group Materials Co., Ltd.	110,693.12	17,047.00
	Xinjiang Non-ferrous Metal Industry Group Tianchi Mining Co., Ltd.	88,892.40	88,892.40
	Xinjiang Non-ferrous Geological Engineering Co., Ltd.	-	15,000.00
	Xinjiang Non-ferrous Metals Company Hospital	-	1,800.00
	The Western Gold Hami Gold Mine Co., Ltd.	-	278,103.15
		<b>33,995,195.19</b>	<b>53,841,535.34</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(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)

#### Payables to related parties: (continued)

		30 June 2015	31 December 2014
(e) Other payables (Note 4(25))	Xinjiang Non-ferrous Group	100,000,000.00	55,000,000.00
	Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	83,038,893.49	88,883,432.48
	China Non-ferrous Metal Import and Export Xinjiang Co., Ltd.	2,441,030.06	2,226,000.00
	Xinjiang Non-ferrous Metallurgy Transportation Co., Ltd.	599,500.00	199,500.00
	Xinjiang Non-ferrous Industry Group Precious Metal Co., Ltd.	302,678.40	302,678.40
	Fukang Non-ferrous Development Co., Ltd.	150,000.00	100,905.91
	Xinjiang Non-ferrous Geological Engineering Co., Ltd.	15,000.00	–
	Fukang Non-ferrous Property Management Co., Ltd.	–	156.40
		<b>186,547,101.95</b>	<b>146,712,673.19</b>
(f) Advances from customers	China Non-ferrous Metal Import and Export Xinjiang Co., Ltd.	3,000,000.00	–
	Fuyun Hengsheng Beryllium Industry Co., Ltd.	–	5,603.51
		<b>3,000,000.00</b>	<b>5,603.51</b>
(g) Long-term payables (Note 4(30))	Xinjiang Non-ferrous Group	50,000,000.00	50,000,000.00

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 8 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

### (7) Commitment 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 are as follows:

	30 June 2015	31 December 2014
– As lessee		
Xinjiang Non-ferrous Group	817,965.00	1,635,930.00
– As lessor		
Xinjiang Zhanxi Fire Isulation Materials Co., Ltd.	–	43,020.00

## 9 COMMITMENTS

### (1) Capital commitments

(a) As at the balance sheet date, the Group has no capital expenditures contracted for but not yet necessary to be recognised on the balance sheet. The capital expenditure budgeted by the management but not yet necessary to be recognised in the financial statements is shown below:

	30 June 2015	31 December 2014
Buildings, machinery, and equipment	242,763,050.48	233,447,300.00

(b) The Group's share of the joint venture's own commitments for capital expenditure are as follows:

	30 June 2015	31 December 2014
Buildings, machinery, and equipment	15,353,379.10	10,000,000.00

### (2) Operating lease commitments

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

	30 June 2015	31 December 2014
Within one year	817,965.00	1,635,930.00

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 10 EVENTS AFTER THE BALANCE SHEET DATE

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

## 11 LEASES

Lease expenses under operating leases recognised in profit or loss for the six months ended 30 June 2015 were RMB817,965.00 (six months ended 30 June 2014: RMB817,965.00).

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

## 12 FINANCIAL INSTRUMENT AND RISK

The Group's activities expose it to a variety of financial risks: market risk (primarily interest rate 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.

### (1) Market risk

#### (a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Group is exposed to foreign exchange risk arising from the recognised assets and liabilities. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies. The Group may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk. During 2014 and six months ended 30 June 2015, the Group did not enter into any forward exchange contracts or currency swap contracts.

As at 30 June 2015 and 31 December 2014, the Group did not have assets and liabilities denominated in foreign currencies.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 12 FINANCIAL INSTRUMENT AND RISK (CONTINUED)

### (1) Market risk (Continued)

#### (b) Interest rate risk

The Group's interest rate risk mainly arises mainly 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 2015, the Group's interest bearing debts were mainly floating rate borrowings, fixed rate borrowings and interest bearing bond payable denominated in RMB, which totalled RMB4,333,856,199.00 (31 December 2014: RMB4,405,165,658.95), of which floating rate borrowings are RMB1,128,500,000.00, fixed rate borrowings are RMB2,705,356,119.00 and interest-bearing bond payable are RMB500,000,000.00 respectively (31 December 2014: RMB1,916,483,988.95, RMB1,988,681,670.00, RMB500,000,000.00).

The group analyses its interest rate exposure on a dynamic basis. The rise in interest rates would increase the cost of the new interest-bearing debts and unpaid floating interest-bearing debt, and would bring a negative effect to the group operation results. The group may manage its interest risk by using floating-to-fixed interest rate swap based on the latest market condition. During six months ended 30 June 2015 and 2014, there was no interest swap exists.

As at 30 June 2015, if annual interest rates had been 10% lower/higher with all other variables held constant, net loss would have decreased /increased by RMB1,343,662.34 (31 December 2014: net loss decrease/increase RMB4,127,311.83).

#### (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 2015 (six months ended 30 June 2014: 61%) were contributed by the top five customers for which the Group has not entered into any long-term sales contracts with them. In the event that these major customers terminate the business relationship 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.



# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 12 FINANCIAL INSTRUMENT AND RISK (CONTINUED)

### (2) Credit risk

Credit risk is managed on a Group basis. Credit risk mainly arises from cash at bank and on hand, accounts receivable, other receivables, and notes receivable etc.

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.

As at 30 June 2015, there was no significant overdue receivables (31 December 2014: Nil).

### (3) Liquidity risk

Cash flow forecasting is 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.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 12 FINANCIAL INSTRUMENT AND RISK (CONTINUED)

### (3) Liquidity risk (Continued)

At the balance sheet date, the maturity of all financial assets of the Group are within one year and the amounts of financial liabilities disclosed in the following table are the contractual undiscounted cash flows.

	30 June 2015				Total
	Within 1 year	1 to 2 years	2 to 5 years	Above 5 years	
Financial liabilities at fair value through profit or loss	648,743,326.34	–	–	–	648,743,326.34
Trade payables	606,602,351.35	–	–	–	606,602,351.35
Borrowings and long-term payable	1,796,394,555.57	634,756,567.53	940,974,210.40	217,203,989.31	3,589,329,322.81
Bonds payable	35,600,000.00	535,600,000.00	–	–	571,200,000.00
Notes payable	710,998,400.00	–	–	–	710,998,400.00
Other payables and accruals	468,646,634.49	–	–	–	468,646,634.49
	4,266,985,267.75	1,170,356,576.53	940,974,210.40	217,203,989.31	6,595,520,034.99

	31 December 2014				Total
	Within 1 year	1 to 2 years	2 to 5 years	Above 5 years	
Financial liabilities at fair value through profit or loss	665,228,432.32	–	–	–	665,228,432.32
Trade payables	514,075,601.30	–	–	–	514,075,601.30
Borrowings and long-term payable	1,788,738,165.50	710,774,819.05	964,266,946.98	219,202,988.48	3,682,982,920.01
Bonds payable	35,600,000.00	35,600,000.00	535,600,000.00	–	606,800,000.00
Notes payable	536,675,669.66	–	–	–	536,675,669.66
Other payables and accruals	466,781,074.54	–	–	–	466,781,074.54
	4,007,098,943.32	746,374,819.05	1,499,866,946.98	219,202,988.48	6,472,543,697.83

Bank and other borrowings are analysed by repayment terms as follows:

	30 June 2015		31 December 2014	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Last repayment date of the loans within five years	2,278,500,000.00	–	2,270,500,000.00	50,000,000.00
Last repayment date of the loans after five years	917,710,000.00	–	983,483,988.95	–
	3,196,210,000.00	–	3,253,983,988.95	50,000,000.00

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(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 (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

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

As at 30 June 2015, assets and liabilities continuingly measured at fair value based on the above three levels are listed as follows:

	Level 1	Level 2	Level 3	Total
Financial assets – Financial assets measured at fair value though profit and loss	981,050.00	–	–	981,050.00
Financial liabilities – Gold leasing and corresponding future contractss	(637,646,119.00)	–	–	(637,646,119.00)
	(636,665,069.00)	–	–	(636,665,069.00)

As at 31 December 2014, assets and liabilities continuingly measured at fair value based on the above three levels are listed as follows:

	Level 1	Level 2	Level 3	Total
Financial assets – Available-for-sale financial assets – financial products	–	8,000,000.00	–	8,000,000.00
Financial liabilities – Financial liabilities measured at fair value though profit and loss	(62,000.00)	–	–	(62,000.00)
Gold leasing and corresponding future contractss	(651,181,670.00)	–	–	(651,181,670.00)
	(651,243,670.00)	8,000,000.00	–	(643,243,670.00)

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(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 Group confirms its converting point based on the date of occurrence of the leading matters. No conversion exists between first level and second level.

Where there is no active market for a financial instrument, the Company adopts value appraisal techniques to determine its fair value. The appraisal technique is the bank market quotation.

### (2) The Group does not have financial instruments not continuingly measured at fair value subsequently.

### (3) Financial assets and liabilities not subsequently measured at fair value but subject to disclosure of fair value

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

## 14 CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal 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.

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 14 CAPITAL MANAGEMENT (CONTINUED)

For the six months ended 30 June 2015, the Group's strategy on capital management was to maintain the gearing ratio within 20% to 60%, which was the same as prior year. The gearing ratios at 30 June 2015 and 31 December 2014 were as follows:

	30 June 2015	31 December 2014
Total borrowings		
Short-term borrowings	1,170,000,000.00	1,116,500,000.00
Long-term borrowings	1,644,760,000.00	1,635,463,988.95
Bond payables	500,000,000.00	500,000,000.00
Long-term payables	46,625,074.02	45,815,570.76
Current portion of non-current liabilities	381,450,000.00	502,020,000.00
Financial liabilities measured at fair value through profit and loss	637,646,119.00	651,181,670.00
	4,380,481,193.02	4,450,981,229.71
Less: cash and cash equivalents	(500,556,035.97)	(558,623,508.86)
Net debts (a)	3,879,925,157.05	3,892,357,720.85
Total equity (b)	5,261,129,377.05	5,598,840,826.01
Total capital (c)=(a)+(b)	9,141,054,534.10	9,491,198,546.86
Gearing ratio (a)/(c)	42.45%	41.01%

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 15 NOTES TO THE COMPANY'S FINANCIAL STATEMENTS

### (1) Cash and bank balances

	30 June 2015	31 December 2014
Cash on hand	9,937.75	18,270.20
Cash at bank	267,798,893.28	392,420,097.27
Restricted cash at banks (a)	60,571,330.93	5,571,330.93
	<b>328,380,161.96</b>	398,009,698.40

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

	30 June 2015	31 December 2014
Deposits for issue of bank acceptance notes	60,000,000.00	5,000,000.00
Deposits for environmental recovery and safety of production	571,330.93	571,330.93
	<b>60,571,330.93</b>	571,330.93

### (2) Notes receivable

	30 June 2015	31 December 2014
Bank acceptance notes	105,681,719.24	228,980,597.49

### (3) Accounts receivable

	30 June 2015	31 December 2014
Accounts receivable	75,179,465.87	20,078,497.62
Less: provision for bad debts	(3,926,714.00)	(3,904,393.94)
	<b>71,252,751.87</b>	16,174,103.68

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (3) Accounts receivable (Continued)

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

	30 June 2015	31 December 2014
Within 1 year	71,222,991.79	16,122,023.54
1 to 2 years	–	74,400.20
2 to 3 years	74,400.20	–
3 to 4 years	–	768,686.40
4 to 5 years	768,686.40	192,954.70
Over 5 years	3,113,387.48	2,920,432.78
	<b>75,179,465.87</b>	<b>20,078,497.62</b>

(b) Accounts receivable by categories are analysed as follows:

	30 June 2015				31 December 2014			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	–	–	–	–	–	–	–	–
That the related provision for bad debts is provided on the grouping basis								
– Related Party Group	10,927,450.28	14.54%	(1,456,617.80)	13.33%	8,472,566.34	42.20%	(1,456,617.80)	17.19%
– Ageing Group	64,252,015.59	85.46%	(2,470,096.20)	3.84%	11,605,931.28	57.80%	(2,447,776.14)	21.09%
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	–	–	–	–	–	–	–	–
	<b>75,179,465.87</b>	<b>100.00%</b>	<b>(3,926,714.00)</b>		<b>20,078,497.62</b>	<b>100.00%</b>	<b>(3,904,393.94)</b>	

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (3) Accounts receivable (Continued)

- (c) The groups of accounts receivable used ageing analysis method for the purpose of bad debt provision assessment are analysed as follows:

	30 June 2015			31 December 2014		
	Amount	Provision for bad debts	Ratio	Amount	Provision for bad debts	Ratio
	Amount	Amount	Ratio	Amount	Amount	Ratio
Within 1 year	61,752,159.31	-	-	9,106,075.00	-	-
1 to 2 years	-	-	-	74,400.20	(22,320.06)	30.00%
2 to 3 years	74,400.20	(44,640.12)	60.00%	-	-	-
3 to 4 years	-	-	-	-	-	-
4 to 5 years	-	-	-	192,954.70	(192,954.70)	100.00%
Over 5 years	2,425,456.08	(2,425,456.08)	100.00%	2,232,501.38	(2,232,501.38)	100.00%
	64,252,015.59	(2,470,096.20)		11,605,931.28	(2,447,776.14)	

- (d) As at 30 June 2015, the top five accounts receivable are analysed as follows:

	Amount	Provision for bad debts	% of total balance
Total amount of the top five accounts receivable	71,935,736.71	-	95.69%

- (e) The accounts receivable that relate to the provision for bad debts is RMB22,320.06 in current period, no provision has been collected or reversed.
- (f) There were no accounts receivable written off in current period.
- (g) There were no accounts receivable derecognised due to transfer of financial assets.
- (h) As at 30 June 2015, there were no accounts receivable guaranteed for seizing loan (31 December 2014: Nil).



# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (4) Other receivables

	30 June 2015	31 December 2014
Amount due from subsidiaries ( <i>Note</i> )	268,446,417.78	286,142,317.32
Amount due from a joint-venture	2,657,542.00	2,656,620.00
Cash advance	918,903.69	648,995.26
Others	4,619,302.33	935,937.13
	<b>276,642,165.80</b>	290,383,869.71
Less: provision for bad debts	<b>(6,275.21)</b>	(6,275.21)
	<b>276,635,890.59</b>	290,377,594.50

*Note:* The amount due from Xinjiang Yakesi, Shaanxi Xinxin, Wuxin Copper Mining and Beijing Xinding was RMB264,102,336.34, RMB4,050,883.33, RMB 147,528.00 and RMB 145,670.11 respectively.

(a) Other receivables ageing and provision for bad debts are analysed as follows:

	30 June 2015	31 December 2014
Within 1 year	271,221,422.92	285,022,151.82
1 to 2 years	943,815.04	885,372.00
2 to 3 years	1,229,081.95	1,228,500.00
3 to 4 years	542,500.00	542,500.00
4 to 5 years	-	-
Over 5 years	2,705,345.89	2,705,345.89
	<b>276,642,165.80</b>	290,383,869.71

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (4) Other receivables (Continued)

(b) Other accounts receivable by categories are analysed as follows:

	30 June 2015				31 December 2014			
	Ending balance		Provision for bad debts		Ending balance		Provision for bad debts	
	Amount	% of total balance	Amount	Ratio	Amount	% of total balance	Amount	Ratio
With amounts that are individually significant and that the related provision for bad debts is provided on the individual basis	-	-	-	-	-	-	-	-
That the related provision for bad debts is provided on the grouping basis								
- Related party group	271,103,959.80	98.00%	-	-	288,798,937.32	99.45%	-	-
- Ageing group	5,538,206.00	2.00%	(6,275.21)	0.11%	1,584,932.39	0.55%	(6,275.21)	0.40%
With amounts that are not individually significant but that the related provision for bad debts is provided on the individual basis	-	-	-	-	-	-	-	-
	276,642,165.80	100.00%	(6,275.21)		290,383,869.71	100.00%	(6,275.21)	

(c) The groups of other receivables used ageing analysis method for the purpose of bad debt provision assessment are analysed as follows:

	30 June 2015			31 December 2014		
	Ending balance	Provision for bad debts		Ending balance	Provision for bad debts	
	Amount	Amount	Ratio	Amount	Amount	Ratio
Within 1 year	5,398,018.06	-	-	1,470,969.44	-	-
1 to 2 years	60,880.10	-	-	2,437.06	-	-
2 to 3 years	581.95	-	-	30,000.00	-	-
3 to 4 years	30,000.00	-	-	32,500.00	-	-
4 to 5 years	-	-	-	-	-	-
Over 5 years	48,725.89	(6,275.21)	12.88%	49,025.89	(6,275.21)	12.80%
	5,538,206.00	(6,275.21)		1,584,932.39	(6,275.21)	

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (4) Other receivables (Continued)

- (d) There were no provision for bad debts of other receivables provided, collected or reversed.
- (e) There were no other receivables written off this period.
- (f) As at 30 June 2015, the top five other receivables are analysed as follows:

	Amount	Ageing	% of total balance	Provision for bad debts
Xinjiang Yakesi	264,102,336.34	Within 1 year	95.47%	–
Shaanxi Xinxin	4,050,883.33	Within 4 years	1.46%	–
Hexin Mining	2,657,542.00	Within 1 year, over 5 years	0.96%	–
Wuxin Copper Mining	147,528.00	Within 1 year, 1 to 2 years	0.05%	–
Beijing Xinding	145,670.11	1 to 2 years	0.05%	–
	<b>271,103,959.78</b>		<b>97.99%</b>	<b>–</b>

### (5) Advances to suppliers

The ageing of advances to suppliers is analysed below:

	30 June 2015		31 December 2014	
	Amount	% of total balance	Amount	% of total balance
Within 1 year	449,399,885.71	99.47%	423,883,250.12	99.43%
1 to 2 years	372,807.87	0.08%	372,807.87	0.09%
2 to 3 years	369,051.63	0.08%	369,051.63	0.09%
Over 3 years	1,660,602.42	0.37%	1,660,602.42	0.39%
	<b>451,802,347.63</b>	<b>100.00%</b>	<b>426,285,712.04</b>	<b>100.00%</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (6) Inventories

	30 June 2015			31 December 2014		
	Ending balance	Provision for declines in value of inventories	Carrying amount	Ending balance	Provision for declines in value of inventories	Carrying amount
Raw materials	55,766,746.93	(543,427.80)	55,223,319.13	65,767,687.93	(543,427.80)	65,224,260.13
Work in progress	189,551,816.96	-	189,551,816.96	190,242,630.92	-	190,242,630.92
Semi-finished goods	306,171,460.88	-	306,171,460.88	421,157,153.96	-	421,157,153.96
Finished goods	874,639,299.75	-	874,639,299.75	436,001,234.30	-	436,001,234.30
	<b>1,426,129,324.52</b>	<b>(543,427.80)</b>	<b>1,425,585,896.72</b>	<b>1,113,168,707.11</b>	<b>(543,427.80)</b>	<b>1,112,625,279.31</b>

### (7) Other current assets

	30 June 2015	31 December 2014
Deductible VAT	<b>94,954,810.31</b>	55,386,624.66
Advance payment of income tax	<b>11,044,805.94</b>	11,044,805.94
	<b>105,999,616.25</b>	66,431,430.60

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (8) Long-term equity investments

	30 June 2015	31 December 2014
Subsidiaries – unlisted company (a)	2,897,931,420.87	2,897,931,420.87
Joint venture – unlisted company (Note 4(10)(a))	145,884,223.41	156,008,153.98
	<b>3,043,815,644.28</b>	<b>3,053,939,574.85</b>

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

#### (a) Subsidiaries

	Accounting treatment	Initial investment cost	31 December 2014	Current period changes	30 June 2015	Equity interest held	Voting rights held
Mengxi Mining	Cost method	10,200,000.00	10,200,000.00	-	10,200,000.00	51%	51%
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	91,100,349.00	-	91,100,349.00	75%	75%
Zhongxin Mining	Cost method	56,659,156.75	118,659,156.75	-	118,659,156.75	97.58%	97.58%
Wuxin Copper Mining	Cost method	66,000,000.00	547,800,000.00	-	547,800,000.00	66%	66%
Kalatongke Mining	Cost method	10,000,000.00	1,230,000,000.00	-	1,230,000,000.00	100%	100%
Beijing Xinding	Cost method	100,000,000.00	100,000,000.00	-	100,000,000.00	100%	100%
Shaanxi Xinxin	Cost method	80,000,000.00	80,000,000.00	-	80,000,000.00	51%	51%
			2,897,931,420.87	-	2,897,931,420.87		

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (9) Fixed assets

	Buildings	Machinery and equipment	Motor vehicles	Electronic equipment office equipment	Total
<b>Cost</b>					
31 December 2014	212,976,293.90	594,353,866.35	16,669,641.08	13,398,339.01	837,398,140.34
<b>Additions</b>					
Acquisition	217,159.47	859,769.29	140,598.30	268,508.53	1,486,035.59
Transfer-in from construction in progress	-	50,000.00	-	-	50,000.00
<b>30 June 2015</b>	<b>213,193,453.37</b>	<b>595,263,635.64</b>	<b>16,810,239.38</b>	<b>13,666,847.54</b>	<b>838,934,175.93</b>
<b>Accumulated depreciation</b>					
31 December 2014	94,749,556.29	181,686,208.69	9,181,472.67	9,558,091.51	295,175,329.16
Accrument	4,127,038.90	19,354,711.99	780,121.26	524,725.60	24,786,597.75
<b>30 June 2015</b>	<b>98,876,595.19</b>	<b>201,040,920.68</b>	<b>9,961,593.93</b>	<b>10,082,817.11</b>	<b>319,961,926.91</b>
<b>Net book value</b>					
<b>30 June 2015</b>	<b>114,316,858.18</b>	<b>394,222,714.96</b>	<b>6,848,645.45</b>	<b>3,584,030.43</b>	<b>518,972,249.02</b>
31 December 2014	118,226,737.61	412,667,657.66	7,488,168.41	3,840,247.50	542,222,811.18

For the six months ended 30 June 2015, depreciation expense of fixed assets amounted to RMB24,786,597.75 (six months ended 30 June 2014: RMB24,655,431.75) in total, of which RMB23,168,364.18 were charged to cost of sales, RMB1,573,872.55 to general and administrative expense, and RMB44,361.02 to selling expense (six months ended 30 June 2014: RMB23,032,864.19, RMB1,552,630.81, and RMB69,936.75).

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (10) Intangible assets

	Mining rights	Land use rights	Others	Total
<b>Cost</b>				
31 December 2014	–	41,228,502.90	242,162.50	41,470,665.40
Additions – Purchase	–	14,540,355.00	–	14,540,355.00
<b>30 June 2015</b>	<b>–</b>	<b>55,768,857.90</b>	<b>242,162.50</b>	<b>56,011,020.40</b>
<b>Accumulated amortisations</b>				
31 December 2014	–	6,707,181.57	70,771.49	6,777,953.06
Additions – Accruelement	–	469,168.66	16,848.78	486,017.44
<b>30 June 2015</b>	<b>–</b>	<b>7,176,350.23</b>	<b>87,620.27</b>	<b>7,263,970.50</b>
<b>Net book value</b>				
<b>30 June 2015</b>	<b>–</b>	<b>48,592,507.67</b>	<b>154,542.23</b>	<b>48,747,049.90</b>
31 December 2014	–	34,521,321.33	171,391.01	34,692,712.34

During six months ended 30 June 2015, the amortisation expense of intangible assets was RMB486,017.44 (six months ended 30 June 2014 RMB437,552.58), of which RMB486,017.44 (six months ended 30 June 2014: RMB437,552.58) was charged to general and administrative for the current period.

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

	30 June 2015	31 December 2014
In Mainland China –		
10 to 50 years	55,689,516.12	41,149,161.12
Over 50 years	79,341.78	79,341.78
	<b>55,768,857.90</b>	41,228,502.90

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (11) Provision for asset impairment

	31 December 2014	Current period additions	Current period reduction Reversal	Write-off	30 June 2015
Provision for bad debts	3,910,669.15	22,320.06	-	-	<b>3,932,989.21</b>
Including: Provision for bad debts of accounts receivable	3,904,393.94	22,320.06	-	-	<b>3,926,714.00</b>
Provision for bad debts of other receivables	6,275.21	-	-	-	<b>6,275.21</b>
Provision for decline in value of inventories	543,427.80	-	-	-	<b>543,427.80</b>
	4,454,096.95	22,320.06	-	-	<b>4,476,417.01</b>

### (12) Accounts payable

	30 June 2015	31 December 2014
Payable for purchase of materials	<b>16,232,511.30</b>	27,101,004.34
Transportation fee payable	<b>1,646,120.09</b>	2,677,785.44
Others	<b>8,355,622.37</b>	394,594.72
	<b>26,234,253.76</b>	30,173,384.50

The ageing of accounts payable based on their recording dates is analysed as follows:

	30 June 2015	31 December 2014
Within 3 months	<b>9,185,815.10</b>	14,571,904.05
3 to 6 months	<b>3,169,964.25</b>	6,275,314.50
Over 6 months	<b>13,878,474.41</b>	9,326,165.95
	<b>26,234,253.76</b>	30,173,384.50



# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (13) Advances from customers

	30 June 2015	31 December 2014
Advances for sales of goods	35,885,231.43	15,460,877.42

### (14) Employee benefits payable

	30 June 2015	31 December 2014
Short-term employee benefits payable	16,366,944.89	18,710,364.31
Defined contribution plans payable	6,045.13	6,045.13
	16,372,990.02	18,716,409.44

#### (a) Short-term employee benefits payable

	31 December 2014	Current period additions	Current period reductions	30 June 2015
Salaries, bonuses, allowances and subsidies	14,741,841.26	32,555,944.66	(35,102,472.31)	12,195,313.61
Staff welfare	-	883,322.00	(883,322.00)	-
Social insurances	2,176.91	3,853,484.59	(3,853,484.59)	2,176.91
Including: Medical insurance	2,176.91	2,938,957.06	(2,938,957.06)	2,176.91
Work injury insurance	-	592,954.84	(592,954.84)	-
Maternity insurance	-	309,632.24	(309,632.24)	-
Illness insurance	-	11,940.45	(11,940.45)	-
Housing funds	583,152.00	3,787,623.60	(3,787,623.60)	583,152.00
Labour union fund and employee education fund	3,351,909.49	1,050,731.07	(838,416.99)	3,564,223.57
Others	31,284.65	249,843.23	(259,049.08)	22,078.80
	18,710,364.31	42,380,949.15	(44,724,368.57)	16,366,944.89

#### (b) Defined contribution plans payable

	31 December 2014	Current period additions	Current period reductions	30 June 2015
Pension insurance	-	6,298,047.72	(6,298,047.72)	-
Unemployment insurance	6,045.13	581,698.65	(581,698.65)	6,045.13
	6,045.13	6,879,746.37	(6,879,746.37)	6,045.13

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (15) Taxes payable

	30 June 2015	31 December 2014
Value-added tax payable	182,813.64	120,414.63
Corporate tax	3,753,874.21	4,146,397.77
Stamp duty	57,080.82	581,925.40
Individual income tax	54,311.58	186,839.64
City maintenance and construction tax payable	13,043.74	8,549.77
Educational surcharge payable	5,590.17	2,788.53
Others	4,272.18	—
<b>Total</b>	<b>4,070,986.34</b>	<b>5,046,915.74</b>

### (16) Interest payable

	30 June 2015	31 December 2014
Interests for bond payable	12,776,986.28	30,723,287.66

### (17) Other payables

	30 June 2015	31 December 2014
Payable to subsidiaries	66,256,863.40	52,944,988.56
Payable for purchases of equipments	1,355,527.00	1,719,986.26
Withholding of social security fees	1,023,905.11	1,949,943.66
Payable for professional service	64,600.00	1,787,721.02
Others	1,964,898.01	2,638,656.49
<b>Total</b>	<b>70,665,793.52</b>	<b>61,041,295.99</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (18) Revenue and cost of sales

	Six months ended 30 June 2015	Six months ended 30 June 2014
Revenue from main operation	272,784,717.01	1,110,704,787.51
Revenue from other operation	2,870,012.78	2,837,577.39
	<b>275,654,729.79</b>	<b>1,113,542,364.90</b>
	Six months ended 30 June 2015	Six months ended 30 June 2014
Cost of sales from main operation	269,324,983.96	994,119,226.20
Cost of sales from other operation	2,371,101.57	35,438.10
	<b>271,696,085.53</b>	<b>994,154,664.30</b>

### (a) Revenue and cost of sales from main operation

	Six months ended 30 June 2015		Six months ended 30 June 2014	
	Revenue from main operation	Cost of sales from main operation	Revenue from main operation	Cost of sales from main operation
Nickel cathode	118,723,018.07	133,046,677.06	960,548,896.10	857,197,961.79
Copper cathode	146,934,587.14	129,256,354.88	137,129,077.32	124,183,935.63
Others	7,127,111.80	7,021,952.02	13,026,814.09	12,737,328.78
	<b>272,784,717.01</b>	<b>269,324,983.96</b>	<b>1,110,704,787.51</b>	<b>994,119,226.20</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (18) Revenue and cost of sales (Continued)

#### (b) Revenue and cost of sales from other operation

	Six months ended 30 June 2015		Six months ended 30 June 2014	
	Revenue from other operation	Cost of sales from other operation	Revenue from other operation	Cost of sales from other operation
Supply of heating	2,341,953.68	2,341,953.68	–	–
Scrap sales	445,295.48	–	475,755.31	–
Sales of electricity	38,563.62	27,317.29	10,141.05	10,216.20
Others	44,200.00	1,830.60	2,351,681.03	25,221.90
	<b>2,870,012.78</b>	<b>2,371,101.57</b>	2,837,577.39	35,438.10

### (19) Financial expenses – net

	Six months ended 30 June 2015	Six months ended 30 June 2014
Interest expense	17,653,698.62	23,044,986.91
Including: Bond payables	17,653,698.62	10,268,000.61
Bank borrowings	–	12,776,986.30
Less: Interest income on bank deposits	(2,083,618.88)	(2,591,526.87)
Foreign exchange losses/(gains)	2,697.67	(1,238.59)
Others	1,708,817.11	1,532,520.22
	<b>17,281,594.52</b>	21,984,741.67

Interest expenses are analysed by the repayment terms of bank borrowings as follows:

	30 June 2015 Bank borrowings	30 June 2014 Bank borrowings
Last repayment date within five years	–	12,776,986.30

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (20) Expenses by nature

Cost of sales, selling and distribution expense, general and administrative expenses in income statements by nature are shown as follows:

	Six months ended 30 June 2015	Six months ended 30 June 2014
Raw materials and consumables used	505,874,173.56	539,161,379.08
Employee benefits	49,702,074.78	50,493,682.03
Depreciation	24,786,597.75	24,655,431.75
Electricity costs	22,319,930.81	77,128.61
Other overhead	5,671,241.78	65,988,291.47
Taxation	1,428,836.62	1,414,056.12
Office expenses	739,498.27	668,066.74
Sewage charges	639,466.39	6,354,839.88
Amortisation	486,017.44	437,552.58
Safety fund	58,278.92	50,632.56
Changes in inventories of work in progress, semi-finished goods and finished goods	(322,961,558.41)	328,329,047.69
Others	4,152,312.34	3,939,526.00
	<b>292,896,870.25</b>	<b>1,021,569,634.51</b>

### (21) Investment (losses)/income

	Six months ended 30 June 2015	Six months ended 30 June 2014
Income from long-term investment in subsidiaries under cost method	–	94,827,648.48
Net (losses)/income from a joint-venture under equity method (Note 4(10)(a))	(10,123,930.57)	2,488,070.43
	<b>(10,123,930.57)</b>	<b>97,315,718.91</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (22) Income tax expenses

	Six months ended 30 June 2015	Six months ended 30 June 2014
Current income tax	7,614,977.28	(11,200,792.33)
Deferred income tax	(5,172,167.58)	13,939,522.44
	<b>2,442,809.70</b>	2,738,730.11

The reconciliation from income tax calculated based on the applicable tax rates and total (loss)/profit presented in the Company's financial statements to the income tax expenses is listed as below:

	Six months ended 30 June 2015	Six months ended 30 June 2014
Total (loss)/profit	(44,558,404.75)	206,462,865.87
Income tax expenses calculated at applicable tax rate of 25%	(11,139,601.19)	51,615,716.47
Effect of tax deductions	4,455,840.48	(20,646,286.59)
Income not subject to tax	–	(14,597,357.84)
Expenses not deductible for tax purposes	5,372,696.20	21,629.78
Difference resulted from tax examination for previous year's income tax	3,753,874.21	(13,654,971.71)
	<b>2,442,809.70</b>	2,738,730.11

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

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

### (23) Supplementary information to consolidated cash flow statements

#### (a) Reconciliation from net (loss)/profit to cash flows from operating activities

	Six months ended 30 June 2015	Six months ended 30 June 2014
Net (loss)/profit	(47,001,214.45)	203,724,135.76
Adjustment:		
Accrual/(reversal) of impairment of assets	22,320.06	(40,216,430.18)
Depreciation of fixed assets	24,786,597.75	24,655,431.75
Amortisation of intangible assets	486,017.44	437,552.58
Financial expenses	17,653,698.62	23,044,986.91
Investment income/(losses)	10,123,930.57	(97,315,718.91)
(Increase)/decrease in deferred tax assets	(5,172,167.58)	13,939,522.44
(Increase)/decrease in inventories	(312,960,617.41)	262,333,662.85
Decrease/(increase) in operating receivables	102,363,967.92	(750,079,583.56)
Increase in operating payables	177,886,071.47	56,041,759.98
Increase in restricted cash at banks	(55,000,000.00)	–
<b>Net cash flows used in operating activities</b>	<b>(86,811,395.61)</b>	<b>(303,434,680.38)</b>

#### Movement of cash and cash equivalents

	Six months ended 30 June 2015	Six months ended 30 June 2014
Cash and cash equivalents at end of period	267,808,831.03	357,687,290.88
Less: Cash and cash equivalents at beginning of period	(392,438,367.47)	(293,749,971.33)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(124,629,536.44)</b>	<b>63,937,319.55</b>

#### (b) Cash at bank and on hand

	30 June 2015	31 December 2014
Cash	267,808,831.03	392,438,367.47
Including: Cash on hand	9,937.75	18,270.20
Cash at bank	267,798,893.28	392,420,097.27
<b>Cash at bank and on hand</b>	<b>267,808,831.03</b>	<b>392,438,367.47</b>

# NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

FOR THE SIX MONTHS ENDED 30 JUNE 2015  
(All amounts in RMB Yuan unless otherwise stated)

## 16 NET CURRENT ASSETS

	The Group	
	30 June 2015	31 December 2014
Current assets	4,191,162,772.92	4,235,881,971.37
Less: current liabilities	(4,190,254,665.84)	(3,905,598,825.11)
Net current assets	908,107.08	330,283,146.26

	The Company	
	30 June 2015	31 December 2014
Current assets	2,765,338,384.26	2,538,884,416.02
Less: current liabilities	(457,006,241.35)	(211,162,170.75)
Net current assets	2,308,332,142.91	2,327,722,245.27

## 17 TOTAL ASSETS LESS CURRENT LIABILITIES

	The Group	
	30 June 2015	31 December 2014
Total assets	11,843,216,095.52	11,885,837,056.31
Less: current liabilities	(4,190,254,665.84)	(3,905,598,825.11)
Total assets less current liabilities	7,652,961,429.68	7,980,238,231.20

	The Company	
	30 June 2015	31 December 2014
Total assets	6,398,635,704.18	6,199,823,514.03
Less: current liabilities	(457,006,241.35)	(211,162,170.75)
Total assets less current liabilities	5,941,629,462.83	5,988,661,343.28



# SUPPLEMENTAL INFORMATION FOR FINANCIAL STATEMENTS

(All amounts in RMB Yuan unless otherwise stated)

## 1 EXTRAORDINARY GAINS OR LOSSES

	Six months ended 30 June 2015	Six months ended 30 June 2014
Changes in fair value gains, losses on disposal of financial assets/liabilities at fair value through profit or loss – net	2,121,946.25	(17,156,228.64)
Government grants through profit or loss	1,654,897.52	1,750,224.96
Gains/losses on disposal of non-current assets	(55,208.82)	97,424.26
Other non-operating income and expenses	745,860.07	(102,515.09)
	<b>4,467,495.02</b>	<b>(15,411,094.51)</b>
Income tax	–	(29,117.78)
Non-controlling interest impact (after tax)	1,146,496.25	(5,467,711.68)
	<b>5,613,991.27</b>	<b>(20,907,923.97)</b>

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

	Weighted average (loss)/return on net assets (%)		(Loss)/earnings per share			
	Six months ended 30 June 2015	Six months ended 30 June 2014	(Loss)/earnings per share		Diluted (loss)/earnings per share	
	Six months ended 30 June 2015	Six months ended 30 June 2014	Six months ended 30 June 2015	Six months ended 30 June 2014	Six months ended 30 June 2015	Six months ended 30 June 2014
Net (loss)/profit attributable to ordinary shareholders of the Company	(6.24%)	0.95%	(0.15)	0.02	(0.15)	0.02
Net (loss)/profit attributable to ordinary shareholders of the Company excluding extraordinary items	(6.32%)	1.23%	(0.16)	0.03	(0.16)	0.03



Xinjiang Xinxin Mining Industry Co., Ltd.\*  
新疆新鑫礦業股份有限公司