Xinjiang Xinxin Mining Industry Co., Ltd.*
新疆新鑫礦業股份有限公司
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 3833)

ANNOUNCEMENT OF 2017 INTERIM RESULTS

OPERATING AND FINANCIAL HIGHLIGHTS

- Due to the disposal of Wuxin Copper in June 2016, consolidated revenue of the Group for the Period was RMB442.4 million, representing a decrease of 30.4% as compared with the consolidated revenue of RMB 635.6 million for the Same Period Last Year.
- The consolidated net loss attributable to shareholders of the Company was RMB64.6 million, representing a decrease of 28.5% as compared with the consolidated net loss attributable to shareholders of the Company of RMB90.3 million for the Same Period Last Year.
- Basic loss per share attributable to shareholders of the Company amounted to RMB0.029 during the Period while the basic loss per share amounted to RMB0.041 per share for the Same Period Last Year.
- The Board does not recommend any payment of interim dividend for 2017.

* *For identification purposes only*

1. COMPANY RESULTS

The board of directors (the “Board”) of Xinjiang Xinxin Mining Industry Co., Ltd. (the “Company”) hereby announces the unaudited consolidated operating results of the Company and its subsidiaries (the “Company and its Subsidiaries” or the “Group”) prepared in accordance with the China Accounting Standards for Business Enterprises (“CAS”) for the six months ended 30 June 2017 (the “Period”), together with the unaudited consolidated operating results for the six months ended 30 June 2016 (“First Half of 2016” 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 RMB442.4 million, representing a decrease of 30.4% as compared with consolidated revenue of RMB635.6 million for the Same Period Last Year. The consolidated net loss attributable to shareholders of the Company was RMB64.6 million during the Period, representing a decrease of 28.5% as compared with the consolidated net loss attributable to shareholders of the Company of RMB90.3 million for the Same Period Last Year. The decrease in consolidate revenue of the Group during the Period was mainly due to the significant decrease in output and sales volume of copper cathode as a result of the completion of disposal of Xinjiang Wuxin Copper Industry Co., Ltd. (“Wuxin Copper”) by the Company in June 2016.

Basic loss per share attributable to shareholders of the Company amounted to RMB0.029 during the Period, while the basic loss per share amounted to RMB0.041 per share in the Same Period Last Year.

The Board does not recommend any payment of interim dividend for 2017.

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

2. RESOURCES AND RESERVES

As at 30 June 2017, the estimated resources and reserves for the four nickel-copper mines in Kalatongke, Huangshandong, Huangshan and Xiangshan respectively, which are wholly-owned by the Company, are set out in the following tables:

	Ore contents	Grade		Metal contents	
		Cu	Ni	Cu	Ni
	Tonnes	*%*	*%*	*Tonnes*	*Tonnes*
Resources as at 30 June 2017					
Kalatongke nickel-copper mine	30,544,248	0.98	0.57	298,559	173,908
Three nickel-copper mines in Huangshandong, Huangshan and Xiangshan	80,693,445	0.27	0.45	219,141	360,526
Total	111,237,693			517,700	534,434
Reserves as at 30 June 2017					
Kalatongke nickel-copper mine	20,272,014	1.01	0.62	205,260	126,302
Three nickel-copper mines in Huangshandong, Huangshan and Xiangshan	30,830,539	0.30	0.49	94,052	151,656
Total	51,102,553			299,312	277,958

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 2017, the resources estimates for the deposits of two vanadium mines in Xianghe Street and Mujia River, which are owned as to 51% by the Company, are set out in the following table:

	Ore contents	V_2O_5 Grade	V_2O_5 Contents
	Tonnes	*%*	*Tonnes*
Resources as at 30 June 2017			
Xianghe Street vanadium mine	10,159,400	0.95	96,300
Mujia River vanadium mine	29,295,500	0.88	257,800
Total	39,454,900		354,100

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

3. MANAGEMENT DISCUSSION AND ANALYSIS

Market Review

During the Period, London Metal Exchange ("LME") average three-month future price of nickel cathode was US$9,805 per tonne, representing an increase of 12.7% from US$8,702 per tonne for the Same Period Last Year. The average three-month future price of copper cathode was US$5,775 per tonne, representing an increase of 23.0% from US$4,697 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 RMB81,506 per tonne, representing an increase of 19.2% from RMB68,375 per tonne for the Same Period Last Year. The average spot price (including tax) of copper cathode was RMB46,521 per tonne, representing an increase of 28.6% from RMB36,179 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 RMB442.4 million, representing a decrease of 30.4% from RMB635.6 million for the Same Period Last Year. The consolidated net loss amounted to RMB64.5 million, representing a decrease of RMB53.9 million as compared with RMB118.4 million for the Same Period Last Year; the consolidated net loss attributable to shareholders of the Company was RMB64.6 million, while the consolidated net loss attributable to shareholders of the Company was RMB90.3 million for the Same Period Last Year.

During the Period, the decrease in consolidated revenue of the Group was mainly due to the decrease in sales volume of copper cathode products as a result of the completion of disposal of Wuxin Copper in June 2016, while the decrease in loss as compared with that for the Same Period Last Year was mainly due to the increase in selling prices of nickel cathode and copper cathode.

During the Period, the Group produced 6,006 tonnes of nickel cathode, which was flat with that of the Same Period Last Year of 6,006 tonnes, and produced 5,002 tonnes of copper cathode, representing a decrease of 33.5% as compared with 7,521 tonnes (among which, Fukang Refinery of Xinjiang Xinxin Mining Industry Co., Ltd. ("Fukang Refinery") produced 5,036 tonnes of copper cathode, and Wuxin Copper produced 2,485 tonnes of copper cathode) for the Same Period Last Year. During the Period, the decrease in output of copper cathode of the Group was mainly due to the disposal of Wuxin Copper.

During the Period, the Group sold 3,398 tonnes of nickel cathode, representing an increase of 0.4% as compared with 3,385 tonnes for the Same Period Last Year, and sold 3,307 tonnes of copper cathode, representing a decrease of 63.2% from 8,997 tonnes for the Same Period Last Year. The significant decrease in the sales volume of copper cathode was mainly due to the significant decrease in the output of copper cathode products during the Period as a result of the disposal of Wuxin Copper.

During the Period, the average selling price of nickel cathode of the Group (excluding tax) was RMB69,897 per tonne, representing an increase of 20.6% from RMB57,949 per tonne for the Same Period Last Year, while the average selling price of copper cathode (excluding tax) was RMB39,099 per tonne, representing an increase of 28.4% from RMB30,453 per tonne for the Same Period Last Year.

Prospects and Countermeasures

In the second half of 2017, the Group plans to produce 5,994 tonnes of nickel cathode and 4,998 tonnes of copper cathode. The Board would like to emphasize that due to the uncertainties in metal prices, the domestic raw materials market and the production environment, the above plan is made solely on the basis of the current market situation and the existing conditions of the Group. The Board may adjust the relevant production plan according to the changes of the situation.

In the second half of 2017, the Group will endeavor to stabilize the production capacity and upgrade the level of the processing technology, strengthen the corporate management, improve the recycle rate of metal, and reduce the production costs, with an aim to improve the economic benefits and general operational efficiency of the Group. Meanwhile, it will strengthen the analysis and studies on the market price movement of international and domestic nickel cathode and copper cathode and implement more flexible and active marketing strategies based on its actual situation, in order to achieve product sales at a higher price level.

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 2017** Sales Volume *Tonnes*	Amount *RMB'000*	% to Revenue	For the period ended 30 June 2016 Sales Volume *Tonnes*	Amount *RMB'000*	% to Revenue
Nickel cathode	**3,398**	**237,528**	**53.7%**	3,385	196,160	30.9%
Copper cathode	**3,307**	**129,305**	**29.2%**	8,997	273,999	43.1%
Copper cathode – Fukang Refinery	**3,307**	**129.305**	**29.2%**	4,915	149,749	23.6%
Copper cathode – Wuxin Copper	**–**	**–**	**–**	4,082	124,250	19.5%
Copper concentrate	**1,935**	**17,340**	**3.9%**	2,849	18,938	3.0%
Anode slime	**–**	**–**	**–**	57	36,419	5.7%
Other products	**–**	**58,183**	**13.2%**	–	110,096	17.3%
Total revenue		**442,356**	**100.0%**		635,612	100.0%
Cost of sales		**(380,468)**	**86.0%**		(623,089)	98.0%
Of which: Nickel cathode		**(236,872)**			(228,052)	
Copper cathode – Fukang Refinery		**(94,848)**			(119,963)	
Copper cathode – Wuxin Copper		**–**			(131,198)	
Copper concentrate		**(13,027)**			(6,269)	
Anode slime		**–**			(39,174)	
Other products		**(35,721)**			(98,433)	
Gross profit		**61,888**	**14.0%**		12,523	2.0%

During the Period, the revenue from nickel cathode of the Group increased by 21.1% to RMB237.5 million as compared with that of the Same Period Last Year. The average selling price of nickel cathode was RMB69,897 per tonne, representing an increase of 20.6% as compared with that of the Same Period Last Year. The sales volume of nickel cathode was 3,398 tonnes, which was flat with that of the Same Period Last Year. The increase in revenue of nickel cathode was due to the increase in average selling price of nickel cathode in the first half of this year.

During the Period, the revenue of copper cathode of the Group decreased by 52.8% to RMB129.3 million as compared with that of the Same Period Last Year. The average selling price of copper cathode increased by 28.4% to RMB39,099 per tonne as compared with that of the Same Period Last Year. The sales volume of copper cathode of the Group decreased by 63.2% to 3,307 tonnes as compared with that of the Same Period Last Year. The significant decrease in revenue of copper cathode was due to the decrease in sales volume of copper cathode products as a result of the disposal of Wuxin Copper.

During the Period, no anode slimes was sold due to the disposal of Wuxin Copper.

During the Period, the revenue of copper concentrates of the Group decreased by 8.4% to RMB17.3 million as compared with that of the Same Period Last Year. The average selling price of copper concentrates increased by34.8% to RMB8,961 per tonne as compared with that of the Same Period Last Year. The sales volume of copper concentrates of the Group decreased by 32.1% to 1,935 tonnes as compared with that of the Same Period Last Year. The decrease in revenue of copper concentrates was due to the adjustments of marketing strategy in accordance with the copper price trend, of which it is adjusted that certain copper concentrates output would be sold in the second half of 2017.

During the Period, the revenue of other products of the Group decreased by 47.2% to RMB58.2 million as compared with that of the Same Period Last Year, the decrease in revenue was due to the gold output and inventory were fully sold during the Same Period Last Year as a result of the increase in gold price, which led to the decrease in sales volume of gold as compared with that of the Same Period Last Year, and the decrease in sales volume of vitriol was due to the disposal of Wuxin Copper.

During the Period, the unit cost of sales of nickel cathode of the Group increased by 3.5% to RMB69,709 per tonne as compared with that of the Same Period Last Year, the unit cost of sales of copper cathode increased by 2.7% to RMB28,681 per tonne as compared with that of the Same Period Last Year, which were mainly attributable to the price increase in raw materials for the Period and the decrease in the transfer of provision for inventories of finished products offsetting the current costs as compared with that of the Same Period Last Year.

During the Period, the Group recorded gross profit of RMB61.9 million while the Group recorded gross profit of RMB12.5 million for the Same Period Last Year. The increase in gross profit of the Group during the Period was mainly due to the increase in prices of nickel cathode and copper cathode.

Sales and marketing costs

During the Period, sales and marketing costs of the Group was RMB12.3 million, representing a decrease of 40.6% as compared with that of the Same Period Last Year, mainly due to the significant decrease in the sales volume of copper cathode arising from the disposal of Wuxin Copper, which led to decrease in the loading and transportation costs of products.

Administrative expenses

During the Period, the administrative expense of the Group decreased by 33.8% to RMB48.5 million as compared with that of the Same Period Last Year, mainly due to the decrease of administrative expenses in the scope of consolidation caused by the disposal of Wuxin Copper.

Finance expenses – net

Finance expenses – net of the Group for the Period decreased to RMB60.2 million as compared with that of the Same Period Last Year of RMB124.4 million, mainly due to the decrease of finance expense in the scope of consolidation caused by the disposal of Wuxin Copper.

Investment income

Investment income of the Group for the Period was RMB2.6 million while investment income was RMB66.0 million for the Same Period Last Year. The significant decrease in investment income of the Group for the period as compared with that of the Same Period Last Year was mainly due to the inclusion of income from disposal of Wuxin Copper into investment income in the Same Period Last Year.

Financial position

The consolidated balance sheet of the Group remains strong. As at 30 June 2017, owners' equity decreased by 1.5% to RMB4,383.0 million as compared with that as of 31 December 2016, mainly due to the loss during the Period. As at 30 June 2017, total assets decreased by 0.1% to RMB8,084.3 million as compared with that as of 31 December 2016.

For the six months ended 30 June 2017, the Group's net cash inflow generated from operating activities was RMB70.1 million. As compared to the net cash inflow of RMB204.4 million in the Same Period Last Year, there was an increase in the inflow of RMB274.5 million, primarily due to the increase in selling price of nickel cathode during the Period and the decrease in the expenses of external purchasing raw materials after disposal of Wuxin Copper; the net cash inflow generated from investment activities was RMB145.9 million, which was mainly due to the proceeds from sale of available-for-sale financial assets and the gains from short-term wealth management products received by the Group, partially offset by the expenses incurred for the acquisition of equipment for and the construction costs of the Group's various technology renovation and expansion projects; and the net cash outflow generated from financing activities amounted to RMB98.6 million, which was mainly attributable to the Group's repayment of bank loans and interest during the Period.

Liquidity and Financial Resources

As at 30 June 2017, the Group had total cash and cash equivalents amounting to RMB217.8 million (31 December 2016: RMB100.4 million), and the total borrowings of the Group amounted to RMB2,710.8 million (31 December 2016: RMB2,657.4 million). As such, the net debts of the Group (total borrowings minus cash and cash equivalents) amounted to RMB2,493.0 million (31 December 2016: RMB2,557.0 million) and the gearing ratio (net debts divided by total capital*) was 36.26% (31 December 2016: 36.48%).

	As at 30 June 2017	As at 31 December 2016
Current Ratio *(Times)*	**1.2**	1.3
Gearing Ratio (net debts/total capital*)	**36.26%**	36.48%

* Total capital: net debts + total equity

As at 30 June 2017, the aggregate amount of borrowings of the Group was RMB2,710.8 million, of which, the proceeds from the issuance of medium-term notes of the Company was RMB800.0 million and loans for working capital of RMB830.0 million (including gold lease financing of RMB250.0 million), the working capital, technological renovation and expansion projects borrowings by Xinjiang Yakesi was RMB423.7 million (including gold lease financing of RMB147.7 million), the working capital borrowings by Kalatongke Mining was RMB657.1 million (including gold lease financing of RMB287.1 million).

As at 30 June 2017, the Group's interest-bearing borrowings amounted to RMB2,710.8 million (31 December 2016: RMB2,597.4 million), including floating rate borrowings amounted to RMB226.0 million (31 December 2016: RMB237.0 million), fixed rate borrowings amounted to RMB1,684.8 million (31 December 2016: RMB1,060.4 million), bond payable amounted to RMB800.0 million (31 December 2016: RMB1,300.0 million).

Historical Capital Expenditure

Capital expenditure was primarily used to expand the production capacities of the Group and to improve the mining, ore processing, smelting and refining technology of the Group. The following table sets out the conditions of the Group's capital expenditure as well as the ratio of the capital expenditure of each operation over total capital expenditure based on various categories of operations for the Period:

	Six months ended 30 June 2017	
		Percentage
	RMB'000	***%***
Mining, ore processing and smelting and complementary operations in Kalatongke Mining	**20,340**	**29.1%**
Refining and complementary operations in Fukang Refinery	**22,962**	**32.9%**
Mining and ore processing operations in Xinjiang Yakesi	**21,448**	**30.7%**
Mining operation in Hami Jubao	**238**	**0.4%**
Smelting and complementary operations of Xinjiang Zhongxin Mining Company Limited	**1,241**	**1.8%**
Research and development of non-ferrous metal industrial products and storage base project of Beijing Xinding Shunze High Technology Co., Ltd.	**3,590**	**5.1%**
	69,819	**100%**

Future Plans of the Group for Material Investments or Acquisition of Capital Assets

Kalatongke Mining will further enhance subsequent construction of mining expansion projects and technological innovation and expansion projects for converter melting, and plans to invest approximately RMB10.2 million. Fukang Refinery will further enhance its technological renovation and expansion projects for the auxiliary facilities of the refining capacity of nickel cathode and copper cathode, and plans to invest approximately RMB59.6 million. Xinjiang Yakesi and Hami Jubao will further improve the mining and processing projects, and plans to invest approximately RMB15.3 million. The capital expenditure of the Group for the exploration projects is planned to be approximately RMB6.7 million. The capital expenditure of the Group for the acquisition of fixed assets is planned to be approximately RMB27.3 million. The sources of fund for the plans mentioned above will be contributed by internal working capital. Save for the plans as disclosed above, the Group had no other plans for material investments or acquisition of capital assets as at 30 June 2017.

4. SHARE CAPITAL AND DIVIDENDS

(A) Share Capital

The Company's share capital as at 30 June 2017 is as follows:

	Number of shares issued	% of share capital	Nominal value *RMB'000*
Registered, issued and fully paid			
Domestic shares of RMB0.25 each	1,451,000,000	65.66%	362,750
H shares of RMB0.25 each	759,000,000	34.34%	189,750
	2,210,000,000	100.00%	552,500

(B) Shareholding of Substantial Shareholders

So far as known to any director or supervisor of the Company, as at 30 June 2017, the persons or companies (other than a director or supervisor of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) ("SFO") were as follows:

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

(L) = Long positions

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

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

Save as disclosed above, as at 30 June 2017, the directors of the Company were not aware of any other person (other than a director or supervisor of the Company) who had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

(C) Dividends

The Board does not recommend any payment of interim dividend for 2017 (Nil for 2016).

5. DIRECTORS' INTEREST

(A) Directors' and Supervisors' Interests in Contracts

As at 30 June 2017, none of the directors or supervisors of the Company had any material interests, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding company, its subsidiaries or any of its fellow subsidiaries was a party during the Period.

(B) Interests and Short Positions of Directors and Supervisors in Shares, Underlying Shares and Debentures

As at 30 June 2017, the interests or short positions, if any, of the directors and supervisors of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") were as follows:

Long Positions in Shares and Underlying Shares of the Company

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

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

Save as disclosed above, none of the directors or supervisors of the Company or their respective associates had, as at 30 June 2017, any interests or short positions in shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Share Appreciation Rights Incentive Scheme

At the annual general meeting held on 29 May 2008, the Company adopted and approved a share appreciation rights incentive scheme (the "Share Appreciation Rights Incentive Scheme" or "SARIS") to acknowledge the contributions of senior management and key personnel. The SARIS 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. There were no share appreciation rights allocated and outstanding as at 30 June 2017.

(C) Directors' and Supervisors' Rights to Acquire Shares or Debentures

Save as disclosed above, during the Period, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company was granted to any directors or supervisors of the Company or their respective spouses or minor children, or no any such rights was exercised by them; and none of the Company, its holding company, its subsidiary or any of its fellow subsidiaries was a party to any arrangement to enable the directors or supervisors of the Company to acquire such rights in any other body corporate.

6. COMMODITY PRICE RISK

The prices of the Group's products are impacted by their international and domestic market prices and changes in global supply and demand for such products. Price volatility of non-ferrous metals is also affected by the global and PRC economic cycles as well as the fluctuations of the global currency markets. Both the international and domestic market prices of non-ferrous metals as well as the volatility of supply and demand are beyond the control of the Company. Therefore, the volatility of commodity prices may materially affect the revenue and profit of the Group.

7. RISK OF FLUCTUATIONS IN EXCHANGE RATE

The transactions of the Group are all denominated in Renminbi. Fluctuations in currency exchange rates may affect the international and domestic non-ferrous metal commodity prices, which may impact the Group's results of operation. Renminbi is not a freely convertible currency and the conversion of Renminbi to a basket of currencies may involve fluctuations. In light of further actions and measures adopted for free transactions of Renminbi by the PRC government, fluctuations in exchange rates may adversely affect the value, translated or converted into Hong Kong dollars, of the Group's net assets, earnings and any dividends declared by the Company.

8. INTEREST RATE RISK

The Group's interest rate risk mainly arises from bank loans and interest-bearing long-term borrowings. Bank deposits and loans at variable rate expose the Group to cash flow interest rate risk, while fixed rate interest-bearing financial liabilities of the Group are subject to the risk of the fair value of interest. The Group adjusts the relative proportion of contracts at fixed rate and contracts at floating rate based on market situation. As at 30 June 2017, the Group's interest-bearing debts were mainly floating rate borrowings contracts, fixed rate borrowings contracts and interest-bearing bonds payable denominated in RMB, which totaled RMB2,710.8 million (31 December 2016: RMB2,597.4 million). The Group has no interest rate swap arrangement.

9. CHARGE ON ASSETS

As at 30 June 2017, a restricted bank deposit of RMB69.4 million out of the cash in bank and on hand of the Group was set aside as the security for issuing bank acceptance notes and other purposes; Kalatongke Mining factored the receivables of RMB111.2 million due by Fukang Refinery to bank to obtain the loans, the balance of which amounted to RMB100.0 million as at 30 June 2017.Save as disclosed above, there were no charges or pledges of assets in the Group.

10. MATERIAL LITIGATION OR ARBITRATION

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

11. CONTINGENT LIABILITIES

(A) Environmental contingencies

Historically, the Group has not incurred any significant expenditure for environmental remediation. Further, except as disclosed in Note 4(25) to the unaudited consolidated interim Financial Statements of the Group, the Group is presently not involved in any other environmental remediation and has not accrued any other amounts for environmental remediation relating to its operations. Under existing legislations, the management of the Company believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, may move further towards the adoption of more stringent environmental standards.

Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (1) the exact nature and extent of the contamination at various sites including, but not limited to mines and land development areas, whether under operation, closed or sold; (2) the extent of required cleanup efforts; (3) varying costs of alternative remediation strategies; (4) changes in environmental remediation requirements; and (5) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under future environmental legislations cannot reasonably be estimated at present, and could be material.

(B) 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.

(C) Provision of guarantee

The Company and the joint venture partner provided joint guarantees for the bank borrowings by Hami Hexin Mining Co., Ltd. ("Hexin Mining") in which the Company provided corporate guarantees to the related lender of Hexin Mining in the amount of RMB114,000,000.00 (31 December 2016: RMB282,250,000.00). Such corporate guarantees remained in force as at 30 June 2017.

Save as disclosed above, the Group had no other significant contingent liabilities as at 30 June 2017.

12. MAJOR ACQUISITIONS AND DISPOSALS

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

13. EVENTS AFTER BALANCE SHEET DATE

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

14. EMPLOYEES AND WELFARE

As at 30 June 2017, the Group had a total of 2,393 employees. Breakdowns by functions and divisions are as follows:

Division	**Employees**	**Total**
		(In percentage)
Management and administration	168	7.0%
Engineering technician	230	9.6%
Production staff	1,545	64.6%
Repair and maintenance	350	14.6%
Inspection	83	3.5%
Sales	17	0.7%
	2,393	100.0%

The remuneration package of the Group's employees includes salary, bonuses and allowances. The Group has participated in the social insurance contribution plans organised by local governments in the PRC. In accordance with the relevant national and local labour and social welfare laws and regulations, the Group is required to pay on behalf of its employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance and housing provident funds. According to the currently applicable local regulations, the respective percentages of the pension insurance, medical insurance, unemployment insurance and housing provident funds which the Group must contribute are 18%, 6% to 9%, 0.5% and 12%, respectively, of its employees' total monthly basic salary. The Group also contributes 1.3% to 1.9% of its employees' total monthly basic salary for occupational injury insurance and 0.5% to 0.8% of their total monthly basic salary for maternity cover.

15. 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.

16. 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.

17. BOARD OF DIRECTORS

The Board currently consists of nine directors, including two executive directors, four non-executive directors and three independent non-executive directors. During the Period, the Board convened two meetings (with an attendance rate of 17/18).

18. 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).

19. 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.

20. 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 announcement.

21. DISCLOSURE OF INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

This announcement will be published on the website of the Stock Exchange at http://www.hkex.com.hk under "Latest Listed Company Information" and the website of the Company at kunlun.wsfg.hk. The 2017 interim report will be despatched to shareholders and published on the Stock Exchange's website and the Company's website.

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

Xinjiang, the PRC, 18 August 2017

As at the date of this announcement, the executive directors of the Company are Mr. Guo Quan and Mr. Lu Xiaoping; the non-executive directors of the Company are Mr. Guo Haitang, Mr. Shi Wenfeng, Mr. Zhou Chuanyou and Mr. Hu Chengye; and the independent non-executive directors of the Company are Mr. Chen Jianguo, Mr. Wang Lijin and Mr. Li Wing Sum Steven.

CONSOLIDATED BALANCE SHEET (UNAUDITED)

As at 30 June 2017

(All amounts in RMB Yuan unless otherwise stated)

	Note	**30 June 2017 Consolidated *(unaudited)***	31 December 2016 Consolidated *(audited)*
Current assets			
Cash at bank and on hand	(2)	**287,248,775.75**	153,014,245.00
Notes receivable	(3)	**62,076,392.69**	190,672,515.58
Accounts receivable	(4)	**133,396,333.69**	112,130,198.60
Other receivables		**78,431,875.46**	106,104,633.53
Advances to suppliers		**32,301,571.19**	24,005,985.16
Inventories		**1,570,163,480.76**	1,385,290,969.53
Other current assets		**461,446,197.71**	628,858,538.72
Total current assets		**2,625,064,627.25**	2,600,077,086.12
Non-current assets			
Long-term equity investments	(5)	**126,568,523.22**	130,802,279.44
Fixed assets	(6)	**2,708,759,476.39**	2,799,957,815.87
Construction in progress		**1,474,362,798.93**	1,411,717,557.11
Construction materials		**643,718.45**	642,609.04
Intangible assets	(7)	**954,925,572.66**	963,989,772.34
Goodwill		**28,087,550.20**	28,087,550.20
Long-term prepaid expenses		**36,600.83**	57,738.75
Deferred tax assets		**143,884,124.27**	130,950,672.60
Other non-current assets		**22,000,000.00**	22,000,000.00
Total non-current assets		**5,459,268,364.95**	5,488,205,995.35
TOTAL ASSETS		**8,084,332,992.20**	8,088,283,081.47

	Note	**30 June 2017 Consolidated** *(unaudited)*	31 December 2016 Consolidated *(audited)*
Current liabilities			
Short-term borrowings		**1,000,000,000.00**	420,000,000.00
Financial liabilities at fair value through profit or loss	(8)	**182,093,425.11**	137,693,150.55
Notes payable		**192,000,000.00**	101,250,000.00
Accounts payable	(9)	**289,087,167.61**	302,860,921.14
Advances from customers		**43,439,605.94**	24,336,532.36
Employee benefits payable		**53,874,932.47**	55,117,302.59
Taxes payable		**10,496,444.30**	11,137,582.93
Interest payable		**38,140,642.29**	40,942,962.32
Other payables		**171,402,384.52**	251,253,507.52
Current portion of non-current liabilities		**151,000,000.00**	662,000,000.00
Total current liabilities		**2,131,534,602.24**	2,006,591,959.41
Non-current liabilities			
Long-term borrowings		**75,000,000.00**	75,000,000.00
Bond payable		**800,000,000.00**	800,000,000.00
Long-term payables		**–**	59,978,281.32
Provisions		**8,448,254.70**	8,248,582.21
Deferred income		**32,494,484.20**	33,562,996.66
Deferred tax liabilities		**151,190,757.82**	150,479,836.70
Other non-current liabilities		**502,709,380.00**	502,709,380.00
Total non-current liabilities		**1,569,842,876.72**	1,629,979,076.89
Total liabilities		**3,701,377,478.96**	3,636,571,036.30

	Note	30 June 2017 Consolidated *(unaudited)*	31 December 2016 Consolidated *(audited)*
Owners' equity			
Share capital		**552,500,000.00**	552,500,000.00
Capital surplus		**4,258,569,997.76**	4,263,591,716.44
Specific reserve		**2,326,819.58**	1,543,421.85
Surplus reserve		**249,625,789.74**	249,625,789.74
Accumulated Losses		**(756,026,831.71)**	(691,384,794.32)
Total equity attributable to shareholders of the Company		**4,306,995,775.37**	4,375,876,133.71
Non-controlling interests		**75,959,737.87**	75,835,911.46
Total owners' equity		**4,382,955,513.24**	4,451,712,045.17
TOTAL LIABILITIES AND OWNERS' EQUITY		**8,084,332,992.20**	8,088,283,081.47

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

For the six months ended 30 June 2017

(All amounts in RMB Yuan unless otherwise stated)

	Note	**Six months ended 30 June 2017 Consolidated *(unaudited)***	Six months ended 30 June 2016 Consolidated *(unaudited)*
Revenue	(10)	**442,355,817.53**	635,612,015.65
Less: Cost of sales	(10)	**(380,468,199.36)**	(623,088,671.40)
Taxes and surcharges		**(13,477,208.96)**	(3,470,937.27)
Selling and distribution expenses		**(12,250,870.16)**	(20,617,692.97)
General and administrative expenses		**(48,515,742.05)**	(73,313,104.38)
Financial expenses – net	(11)	**(60,201,732.03)**	(124,441,216.31)
Assets impairment (losses)/reversal	(12)	**(7,062,496.95)**	9,289,361.58
Add: Gains on the changes in fair value		**–**	121,319.67
Investment income	(13)	**2,645,898.97**	65,997,525.19
Including: Share of (losses)/profit of joint venture		**(4,233,756.22)**	4,629,943.77
Operating loss		**(76,974,533.01)**	(133,911,400.24)
Add: Non-operating revenue		**1,926,557.08**	2,310,285.61
Including: Gains on disposal of non-current assets		**89,485.96**	8,881.50
Less: Non-operating expenses		**(1,673,760.92)**	(357,077.98)
Including: Losses on disposal of non-current assets		**–**	(26,611.55)
Total loss		**(76,721,736.85)**	(131,958,192.61)
Less: Income tax credit	(14)	**12,203,437.59**	13,535,452.51
Net loss		**(64,518,299.26)**	(118,422,740.10)
Net loss attributable to shareholders of the Company		**(64,642,037.39)**	(90,282,302.41)
Non-controlling interests		**123,738.13**	(28,140,437.69)

	Note	**Six months ended 30 June 2017 Consolidated** *(unaudited)*	Six months ended 30 June 2016 Consolidated *(unaudited)*
Other comprehensive income after tax		**–**	–
Total comprehensive loss		**(64,518,299.26)**	(118,422,740.10)
Comprehensive loss attributable to shareholders of the Company		**(64,642,037.39)**	(90,282,302.41)
Comprehensive loss attributable to non-controlling Interests		**123,738.13**	(28,140,437.69)
Loss per share	(15)		
Basic loss per share		**(0.029)**	(0.041)
Diluted loss per share		**(0.029)**	(0.041)

NOTES TO FINANCIAL INFORMATION (UNAUDITED)

(All amounts in RMB Yuan unless otherwise stated)

(1) Basis of preparation and principal accounting policies

The financial statements have been prepared according to the Basic Standard and specific standards of the Accounting Standards for Business Enterprises 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"), Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - the General Provisions of Financial Reports. The new Hong Kong Companies Ordinance was effective in 2015 and certain disclosure in the financial statements has been adjusted in accordance with the requirements of the Hong Kong Companies Ordinance.

The Ministry of Finance revised the Accounting Standards for Business Enterprises No. 16 – Government Grants in 2017. This standard took effect on 12 June 2017. The financial statements for the period ended 30 June 2017 have been prepared by the Company according to the above standard. Except the adoption of the CAS as disclosed above, the accounting policies and methods of computation used in the preparation of the unaudited interim financial statements are consistent with those adopted in the annual financial statements of the Company for the year ended 31 December 2016. These interim results have not been audited by the auditor of the Company, and have been reviewed by the audit committee of the Company.

(2) Cash and bank balances

	30 June 2017	31 December 2016
Cash on hand	**53,362.23**	30,633.00
Cash at bank	**217,790,507.54**	100,375,826.07
Restricted cash at banks *(a)*	**69,404,905.98**	52,607,785.93
	287,248,775.75	153,014,245.00

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

	30 June 2017	31 December 2016
Deposits for issue of bank acceptance notes	**57,860,674.54**	41,063,554.49
Deposits for environmental recovery and safety of production	**11,543,931.44**	11,543,931.44
Deposits for factoring loans	**300.00**	300.00
	69,404,905.98	52,607,785.93

(3) Notes receivable

	30 June 2017	31 December 2016
Bank acceptance notes	**62,076,392.69**	190,672,515.58

All the notes receivable will be matured within 180 days.

As at 30 June 2017 and 31 December 2016, there were no notes receivable pledged as collateral.

As at 30 June 2017, there were no immature notes receivable that have been discounted.

(4) Accounts receivable

	30 June 2017	31 December 2016
Accounts receivable	**137,159,853.07**	115,893,717.98
Less: provision for bad debts	**(3,763,519.38)**	(3,763,519.38)
	133,396,333.69	112,130,198.60

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

(a) The ageing of accounts receivable is analysed as follows:

	30 June 2017	31 December 2016
Within 1 year	**97,805,962.07**	81,622,832.56
1 to 2 years	**8,489,705.87**	19,695,174.53
2 to 3 years	**26,927,169.75**	10,638,695.51
3 to 4 years	**74,400.20**	74,400.20
4 to 5 years	**–**	74,800.00
Over 5 years	**3,862,615.18**	3,787,815.18
	137,159,853.07	115,893,717.98

(5) Long-term equity investments

	30 June 2017	31 December 2016
Joint venture *(a)*	**126,568,523.22**	130,802,279.44
Less: provision of long-term equity investments	**–**	–
	126,568,523.22	130,802,279.44

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

(a) Joint venture

	31 December 2016	Current period movement: Increase/ Decrease in investment	Share of net profit using the equity method	Offsetting the unrealised profit of internal transaction	Other comprehensive income adjustment	Other changes in equity	Cash dividend declared	Impairment provided in the current period	**30 June 2017**	Closing balance of provision for impairment
Hexin Mining	130,802,279.44	–	(4,032,994.86)	(200,761.36)	–	–	–	–	**126,568,523.22**	–

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.

(6) Fixed assets and depreciation expenses

	Buildings	Mining structure	Machinery and equipment	Motor vehicles	Electronic and office equipment	Total
Cost						
31 December 2016	1,599,197,605.77	885,530,386.03	1,414,418,473.21	54,903,172.52	84,906,238.24	4,038,955,875.77
Additions						
Purchase	643,492.07	–	5,623,731.98	7,200.00	674,983.61	6,949,407.66
Transfer-in from construction in progress	–	–	222,606.84	–	–	222,606.84
Reductions						
Disposal and retirement	(362,001.00)	–	–	–	–	(362,001.00)
Reclassification	(884,936.85)	884,936.85	–	–	–	–
30 June 2017	**1,598,594,159.99**	**886,415,322.88**	**1,420,264,812.03**	**54,910,372.52**	**85,581,221.85**	**4,045,765,889.27**
Accumulated depreciation						
31 December 2016	382,623,396.75	162,337,363.92	614,889,142.37	38,032,933.10	41,115,223.76	1,238,998,059.90
Accruement	25,867,844.11	16,436,811.03	48,478,370.08	2,129,290.40	5,200,648.92	98,112,964.54
Disposal and retirement in the current period	(104,611.56)	–	–	–	–	(104,611.56)
Reclassification	(2,380.48)	2,380.48	–	–	–	–
30 June 2017	**408,384,248.82**	**178,776,555.43**	**663,367,512.45**	**40,162,223.50**	**46,315,872.68**	**1,337,006,412.88**
Net Book Value						
30 June 2017	**1,190,209,911.17**	**707,638,767.45**	**756,897,299.58**	**14,748,149.02**	**39,265,349.17**	**2,708,759,476.39**
31 December 2016	1,216,574,209.02	723,193,022.11	799,529,330.84	16,870,239.42	43,791,014.48	2,799,957,815.87

For the six months ended 30 June 2017, depreciation expense of fixed assets amounted to RMB98,112,964.54 (six months ended 30 June 2016:RMB137,950,103.69) in total, of which RMB91,369,942.82 were charged to cost of sales, RMB6,564,957.98 to general and administrative expense, and RMB72,126.47 to selling expense and RMB105,937.27 to contraction in progress (six months ended 30 June 2016: RMB101,973,894.30, RMB6,291,345.72, RMB84,682.62 and RMB29,600,181.05 respectively).

The costs of fixed assets transferred-in from construction in progress amounted to RMB222,606.84 for the six months ended 30 June 2017 (six months ended 30 June 2016: RMB14,335,788.86).

(7) Intangible assets and amortisation

	Mining rights	Exploration rights	Land use rights	Others	Totals
Cost					
30 June 2017 and 31 December 2016	699,654,158.24	208,153,000.00	221,641,470.12	2,000,851.68	1,131,449,480.04
Accumulated amortisation					
31 December 2016	130,206,293.77	–	35,851,432.47	1,401,981.46	167,459,707.70
Increase in current period – accural	7,322,793.18	–	1,649,191.96	92,214.54	9,064,199.68
30 June 2017	**137,529,086.95**	**-**	**37,500,624.43**	**1,494,196.00**	**176,523,907.38**
Book value					
30 June 2017	**562,125,071.29**	**208,153,000.00**	**184,140,845.69**	**506,655.68**	**954,925,572.66**
31 December 2016	569,447,864.47	208,153,000.00	185,790,037.65	598,870.22	963,989,772.34

For the six months ended 30 June 2017, amortisation expense of intangible assets amounted to RMB9,064,199.68 (six months ended 30 June 2016: RMB9,539,749.68).

The exploration rights were acquired through the acquisition of Shaanxi Xinxin by the Group in 2011. Shaanxi Xinxin has applied to covert the exploration rights of two mines located in Shangnan, Shaanxi into mining rights. As at 30 June 2017, the application was in the process of approving.

As at 30 June 2017 and 31 December 2016, there was no impairment on intangible assets provided.

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

	30 June 2017	31 December 2016
Gold lease and related future contracts *(a)*	**182,093,425.11**	137,693,150.55

(a) In 2017, 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, Kalatongke Mining and Xinjiang Yakesi authorised the banks to purchase the gold future contracts in line with the quantity of gold leased. As at 30 June 2017, the total fair value of the gold lease contracts and the related future contracts amounted to RMB182,093,425.11(31 December 2016: RMB137,693,150.55).

(9) Accounts payable

	30 June 2017	31 December 2016
Payable for purchase of materials	**144,033,695.71**	205,528,680.15
Payable for purchase of services	**79,936,023.64**	75,470,123.90
Payable for transportation fees	**2,624,641.87**	18,476,828.92
Others	**62,492,806.39**	3,385,288.17
	289,087,167.61	302,860,921.14

(a) As at 30 June 2017, accounts payable over one year with carrying amount of RMB37,949,333.90 (31 December 2016: RMB26,473,586.61) were mainly payables for purchase of materials.

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

	30 June 2017	**31 December 2016**
Within 3 months	**156,627,430.92**	163,941,303.78
3 to 6 months	**67,931,564.29**	82,778,758.54
Over 6 months	**64,528,172.40**	56,140,858.82
	289,087,167.61	302,860,921.14

(10) Revenue and cost of sales

(a) Revenue and cost of sales from main operation

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

	Six months ended 30 June 2017		Six months ended 30 June 2016	
	Revenue from main operation	**Cost of sales from main operation**	Revenue from main operation	Cost of sales from main operation
Copper cathode	**129,304,796.52**	**94,848,109.52**	273,998,938.45	251,161,526.56
Nickel cathode	**237,528,012.86**	**236,871,873.13**	196,160,127.15	228,052,179.39
Others	**67,921,425.16**	**47,016,979.13**	96,402,175.61	75,590,133.30
	434,754,234.54	**378,736,961.78**	566,561,241.21	554,803,839.25

(b) Revenue and cost of sales from other operation

	Six months ended 30 June 2017		Six months ended 30 June 2016	
	Revenue from other operation	**Cost of sales from other operation**	Revenue from other operation	Cost of sales from other operation
Material Sales	**260,794.79**	**177,674.84**	54,866,291.18	63,587,159.93
Sales of electricity	**1,407,936.10**	**1,371,487.84**	3,515,168.00	3,728,284.24
Scrap sales	**4,846,244.27**	**–**	8,778,772.73	–
Others	**1,086,607.83**	**182,074.90**	1,890,542.53	969,387.98
	7,601,582.99	**1,731,237.58**	69,050,774.44	68,284,832.15
	Revenue	**Cost of sales**	Revenue	Cost of sales
Total (a)+(b)	**442,355,817.53**	**380,468,199.36**	635,612,015.65	623,088,671.40

(11) Financial expenses – net

	Six months ended 30 June 2017	Six months ended 30 June 2016
Interest expense	**74,215,256.20**	135,433,440.63
Less: Capitalised interest expenses	**(10,146,440.39)**	(14,548,497.79)
Interest expense	**64,068,815.81**	120,884,942.84
Less: Interest income on bank deposits	**(5,544,572.62)**	(2,326,555.10)
Interest on notes discounted	**–**	881,144.45
Bank charges	**1,477,816.35**	3,106,960.03
Unwinding of discount – net	**199,672.49**	1,990,059.38
Foreign exchange (gains)/losses	**–**	(95,335.29)
	60,201,732.03	124,441,216.31

(12) Asset impairment (losses)/reversal

	Six months ended 30 June 2017	Six months ended 30 June 2016
Provision for decline in value of inventories	**(7,058,741.05)**	(3,634,343.57)
Reversal of provision in value of inventories	**–**	12,923,705.15
Provision for bad debts for accounts receivable and other receivables	**(3,755.90)**	–
	(7,062,496.95)	9,289,361.58

(13) Investment income

	Six months ended 30 June 2017	Six months ended 30 June 2016
Loss from a joint venture under equity method	**(4,032,994.86)**	(9,441,545.99)
Offset unrealised net (income)/loss between the joint venture and the Group	**(200,761.36)**	14,071,489.76
Net losses resulted from settlement of future contracts	**–**	(28,797.38)
Income resulted from disposal of long-term equity investment	**–**	57,955,495.17
Income resulted from disposal of available-for-sale financial assets	**6,879,655.19**	3,440,883.63
	2,645,898.97	65,997,525.19

There is no significant restriction on recovery of investment income.

(14) Income tax credit

	Six months ended 30 June 2017	Six months ended 30 June 2016
Current income tax	**19,092.96**	286,618.33
Deferred income tax	**(12,222,530.55)**	(13,822,070.84)
	(12,203,437.59)	(13,535,452.51)

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

	Six months ended 30 June 2017	Six months ended 30 June 2016
Consolidated total loss	**(76,721,736.85)**	(131,958,192.61)
Income tax expenses calculated at statutory income tax rate of 25%	**(19,180,434.21)**	(32,989,548.16)
Effect of tax reductions	**1,535,163.37**	1,535,163.34
Effect of change in the tax rates	**4,473,662.00**	5,860,298.85
Income not subject to tax	**–**	(2,110,723.47)
Expenses not deductible for tax purposes	**141,898.26**	253,711.36
Deductible temporary differences and deductible losses for which no deferred tax assets were recognised	**826,272.99**	13,629,382.24
Clearance differences in respect of prior years	**–**	286,263.33
	(12,203,437.59)	(13,535,452.51)

(15) Loss per share

Basic loss per share is calculated by dividing consolidated net loss for the current period attributable to shareholders of the Company by the weighted average number of ordinary shares in issue of the Company:

	Six months ended 30 June 2017	Six months ended 30 June 2016
Consolidated net loss attributable to shareholders of the Company	**(64,642,037.39)**	(90,282,302.41)
Weighted average number of ordinary shares in issue of the Company	**2,210,000,000.00**	2,210,000,000.00
Basic loss per share	**(0.029)**	(0.041)
Including:		
– Continue Operating basic loss per share:	**(0.029)**	(0.041)
– Terminate Operating basic loss per share:	**–**	–

Diluted loss per share is calculated by dividing net loss attributable to shareholders of the Company adjusted based on the dilutive potential ordinary shares by the adjusted weighted average number of ordinary shares in issue of the Company. As there were no dilutive potential ordinary shares for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil), diluted loss per share was equalled to basic loss per share.

(16) Segment Information

The Group is engaged in the mining, ore processing, smelting, refining and sales of nickel, copper and other non-ferrous metal products. Based on the Group's internal organisational structure, management requirements, internal reporting policies, and the segment reporting requirements stipulated by No. 3 Interpretation of CAS, management of the Group considers the Group itself is one operating segment.

For each of the six months ended 30 June 2017 and 2016, 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 2017, revenue of top three customers of the Group accounted for 51%, 13% and 4% of the total revenue of the Group respectively (six months ended 30 June 2016: 7%, 5% and 5%).

(17) Commitments

(a) Capital commitments

As at 30 June 2017 and 31 December 2016, the Group has no capital expenditures contracted for but not yet necessary to be recognised on the balance sheet.

(b) Operating lease commitments

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

	30 June 2017	31 December 2016
Within one year	**817,965.00**	817,965.00
Between one and two years	**408,982.50**	817,965.00
Between two and three years	**–**	–
	1,226,947.50	1,635,930.00