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Xinjiang Xinxin Mining Industry Co., Ltd.*

新疆新鑫礦業股份有限公司

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

(Stock code: 3833)

ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

The board of directors (the “**Board**”) of Xinjiang Xinxin Mining Industry Co., Ltd.* (the “**Company**”) hereby announces the unaudited interim results of the Company and its subsidiaries for the six months ended 30 June 2024. The audit committee of the Board of the Company has reviewed these interim results.

This announcement, containing the full text of the interim report for the six months ended 30 June 2024 (the “**Interim Report**”) of the Company, complies with the relevant requirements for interim results announcement as stipulated in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”).

Publication of Interim Results Announcement and Interim Report

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

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

By Order of the Board
Xinjiang Xinxin Mining Industry Co., Ltd.*
Qi Xinhui
Chairman

Xinjiang, the PRC, 30 August 2024

As at the date of this announcement, the executive directors of the Company are Mr. Qi Xinhui and Mr. Chen Yin; the non-executive directors of the Company are Mr. Zhou Chuanyou, Mr. Wang Lijian, Ms. Chen Yang and Mr. Hu Chengye; and the independent non-executive directors of the Company are Mr. Hu Benyuan, and Mr. Huang Yong and Mr. Lee Tao Wai.

** For identification purpose only*

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Qi Xinhui (*Chairman*) (Appointed as Chairman on 27 March 2024)

Chen Yin (Appointed on 31 May 2024)

NON-EXECUTIVE DIRECTORS

Guo Quan (*Chairman*) (Resigned as Chairman on 27 March 2024 and resigned as a non-executive director on 31 May 2024)

Zhou Chuanyou (*Vice chairman*)

Wang Lijian

Chen Yang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Hu Benyuan

Wang Qingming (Resigned on 31 May 2024)

Huang Yong (Appointed on 31 May 2024)

Lee Tao Wai

SUPERVISORS

Yao Wenying (*Chairman*)

Chen Rong

Li Shouqiang

Huang Fakai

Meng Guojun (Resigned on 31 May 2024)

Lin Su (Appointed on 31 May 2024)

AUDIT COMMITTEE

Hu Benyuan (*Chairman*)

Hu Chengye

Lee Tao Wai

REMUNERATION AND REVIEW COMMITTEE

Hu Benyuan (*Chairman*)

Guo Quan (Resigned on 27 March 2024)

Qi Xinhui (Appointed on 27 March 2024)

Zhou Chuanyou

Wang Qingming (Resigned on 31 May 2024)

Huang Yong (Appointed on 31 May 2024)

Lee Tao Wai

NOMINATION COMMITTEE

Guo Quan (*Chairman*) (Resigned on 27 March 2024)

Qi Xinhui (Appointed on 27 March 2024)

Hu Benyuan

Lee Tao Wai

STRATEGY AND SUSTAINABLE DEVELOPMENT (ESG) COMMITTEE

Guo Quan (*Chairman*) (Resigned as the chairman of the committee on 27 March 2024 and resigned as a member on 31 May 2024)

Qi Xinhui (*Chairman*) (Appointed as the chairman of the committee on 27 March 2024)

Chen Yin (Appointed on 31 May 2024)

Zhou Chuanyou

Wang Lijian

Wang Qingming (Resigned on 31 May 2024)

Huang Yong (Appointed on 31 May 2024)

COMPANY SECRETARIES

Lam Siu Wing

Wu Ning

CORPORATE INFORMATION

AUTHORISED REPRESENTATIVES H SHARE REGISTRAR IN HONG KONG

Qi Xinhui
Lam Siu Wing
Lee Tao Wai (*Alternate*)

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STATUTORY ADDRESS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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Economic and Technological Development Zone,
Urumqi, Xinjiang

LEGAL ADVISERS

Beijing Grandway Law Offices (PRC law)

AUDITORS

International and PRC auditors
ShineWing Certified Public Accountants LLP

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 2024 (the “Period”), together with the unaudited consolidated operating results for the six months ended 30 June 2023 (“First Half of 2023” 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”).

During the Period, the Group recorded consolidated revenue amounting to RMB1,065.3 million, representing an increase of 39.5% as compared to RMB763.7 million in the Same Period Last Year; and net profit attributable to shareholders of the Company amounted to RMB145.9 million, representing a decrease of 14.4% as compared to RMB170.4 million in the Same Period Last Year.

Basic earnings per share attributable to shareholders of the Company amounted to RMB0.066 during the Period, representing a decrease of RMB0.011 per share as compared to RMB0.077 per share for the Same Period Last Year.

The Board does not recommend any payment of interim dividend for 2024.

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

RESOURCES AND RESERVES

As at 30 June 2024, the resources and reserves estimates for the four nickel-copper mines in Kalatongke, Huangshandong, Huangshan and Xiangshan, which are wholly-owned by the Company, are set out in the following tables:

	Ore contents	Grade		Metal contents	
	Tonnes	Cu %	Ni %	Cu Tonnes	Ni Tonnes
Resources as at 30 June 2024					
Kalatongke nickel-copper mine	27,397,382	0.98	0.57	269,623	155,382
Three nickel-copper mines in Huangshandong, Huangshan and Xiangshan	63,560,214	0.29	0.46	183,579	292,163
Total	90,957,596			453,202	447,545
Reserves as at 30 June 2024					
Kalatongke nickel-copper mine	17,312,212	1.04	0.63	179,643	109,929
Three nickel-copper mines in Huangshandong, Huangshan and Xiangshan	25,623,888	0.31	0.50	79,855	127,857
Total	42,936,100			259,498	237,786

Note: The resources and reserves estimates for the deposits of Kalatongke nickel-copper mine were based on the 2007 estimates in the independent technical review report as shown in the Company's Prospectus dated 27 September 2007, of which the reserves exclude nickel-copper mines in No. 3 mineral deposit upgraded above the control grade. The resources and reserves estimates for the deposits at three nickel-copper mines in Huangshandong, Huangshan and Xiangshan mines were based on the 2008 estimates of resources and reserves as approved for record by the Department of Land and Resources of the PRC, of which the reserves exclude the available low-grade nickel-copper mines. The increases in mining consumption and exploration during the Period were confirmed by internal experts.

RESOURCES AND RESERVES

As at 30 June 2024, the resources estimates for the two vanadium mines in Xianghe Street and Mujia River are set out in the following table:

	Ore contents Tonnes	Grade V ₂ O ₅ %	Contents V ₂ O ₅ Tonnes
Resources as at 30 June 2024			
Xianghe Street vanadium mine	10,159,400	0.95	96,300
Mujia River vanadium mine	16,410,100	0.89	146,015
Total	26,569,500		242,315

Note: The resources estimates for the deposits at two vanadium mines in Xianghe Street and Mujia River were based on the 2012 estimates of resources as approved for record by the Land and Resources Bureau of Shaanxi Province. In 2020, according to the Mineral Resources Exploration License Notification issued by the Department of Natural Resources of Shaanxi Province (Shaanxi Ziran Zikuang Kanzi [2021] 045), the resources of the Mujia River Vanadium Exploration Rights and Mining Rights (retained) were estimated and identified by internal experts. The exploration rights certificates of Xianghe Street and Mujia River vanadium mines had expired on 30 June 2024. The Group is still in the process of applying for the extension of the validity period of the Xianghe Street and the Mujia River vanadium mine exploration rights certificates, and the relevant procedures have not been approved as of the date of this report.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During the Period, the average three-month future price of nickel cathode quoted on the London Metal Exchange was US\$17,750 per tonne, representing a decrease of approximately 26.2% as compared to US\$24,045 per tonne for the Same Period Last Year; the average three-month future price of copper cathode was US\$9,207 per tonne, representing an increase of approximately 1.6% as compared to US\$9,065 per tonne for the Same Period Last Year.

During the Period, the average settlement price (tax inclusive) of nickel cathode quoted on the Shanghai Futures Exchange was RMB136,296 per tonne, representing a decrease of approximately 28.3% as compared to RMB190,084 per tonne for the Same Period Last Year; the average spot price (tax inclusive) of nickel cathode in Shanghai Yangtze River Nonferrous Metals Spot Market was RMB137,660 per tonne, representing a decrease of approximately 29.1% as compared to RMB194,095 per tonne for the Same Period Last Year. The average settlement price (tax inclusive) of copper cathode quoted on the Shanghai Futures Exchange was RMB74,539 per tonne, representing an increase of approximately 9.8% as compared to RMB67,862 per tonne for the Same Period Last Year; the average spot price (tax inclusive) of copper cathode was RMB74,569 per tonne, representing an increase of approximately 9.5% as compared to RMB68,077 per tonne for the Same Period Last Year.

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

BUSINESS REVIEW

During the Period, the Group recorded revenue amounting to approximately RMB1,065.3 million, representing an increase of approximately 39.5% as compared to RMB763.7 million in the Same Period Last Year; net profit amounted to approximately RMB134.0 million, representing a decrease of approximately 21.3% as compared to RMB170.3 million in the Same Period Last Year, of which net profit attributable to shareholders of the Company amounted to approximately RMB145.9 million, representing a decrease of approximately 14.4% as compared to RMB170.4 million in the Same Period Last Year.

During the Period, the Group produced 4,757 tonnes of nickel cathode, representing an increase of approximately 211.3% as compared with 1,528 tonnes for the Same Period Last Year, and produced 4,102 tonnes of copper cathode, representing an increase of approximately 347.3% as compared with 917 tonnes for the Same Period Last Year.

During the Period, the Group sold 4,378 tonnes of nickel cathode, representing an increase of approximately 35.3% as compared with 3,236 tonnes for the Same Period Last Year, and sold 3,008 tonnes of copper cathode, representing an increase of approximately 107.2% as compared with 1,452 tonnes for the Same Period Last Year.

During the Period, the average selling price of nickel cathode of the Group (tax exclusive) was approximately RMB124,230 per tonne, representing a decrease of approximately 29.7% as compared with RMB176,697 per tonne for the Same Period Last Year, while the average selling price of copper cathode (tax exclusive) was approximately RMB69,407 per tonne, representing an increase of approximately 14.0% as compared with approximately RMB60,872 per tonne for the Same Period Last Year.

MANAGEMENT DISCUSSION AND ANALYSIS

PROSPECTS AND COUNTERMEASURES

In the second half of 2024, the Group is stepping up its production effort, aiming to complete the 2024 annual production capacity plan within 2024, with a planned production of 10,018 tonnes of nickel cathode and 8,639 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 2024, the Group will enhance the analysis and research on the price trends of nickel cathode and copper cathode in both international and domestic markets, and adopt more flexible and proactive marketing strategies based on its actual circumstances and financial strength, thereby promoting sales with higher prices. In the meantime, the Group will remain committed to upgrading the major production process, so as to adapt to the optimization of domestic economic structure, changes in development patterns and the requirements of the State and Xinjiang government regarding the improvement of standards of work safety and environmental protection. On the basis of such initiatives, the Group will further develop its internal potential for more output and income and strictly control non-operating expenses, so as to further reduce production costs and expenditures and continuously enhance economic benefits, management level and overall operation efficiency of the Group.

MINERAL EXPLORATION, MINE DEVELOPMENT AND ORE MINING ACTIVITIES

Mineral exploration

During the Period, Xinjiang Kalatongke Mining Industry Company Limited ("Kalatongke Mining"), a wholly-owned subsidiary of the Company, mainly completed mineral exploration projects such as 1 hole of surface drilling, 900.0 meters of surface drilling, 33 holes of drilling in pit, 5,671.5 meters of drilling in pit, with average depth of 171.9 meters, and 138 points of controlled source audio-frequency magnetotelluric (CSAMT). Xinjiang Yakesi Resources Co. Ltd. ("Xinjiang Yakesi") and Hami Jubao Resources Co. Ltd. ("Hami Jubao") mainly completed mineral exploration projects such as 4 holes of surface drilling, 4,258.3 meters of surface drilling, with average depth of 1,064.6 meters, 2 holes of drilling in pit, 550.5 meters of drilling in pit, with average depth of 275.3 meters, 8.1 kilometers of spectral induced polarization (SIP) measurement, and 104 points of 3D induced polarization measurement. During the Period, the aggregate expenditure on the mineral exploration of the Group was approximately RMB2.9 million.

Mine development

During the Period, Kalatongke Mining mainly completed mining development projects, such as construction of 125.4 meters of horizontal haulageway, 43.9 meters of filling connecting road and construction of 101.3 meters of ramp at 530 mid-segment to 883 mid-segment of No. 1 ore body, construction of 492.8 meters of horizontal haulageway and construction of 64.8 meters of ramp at 279 mid-segment to 590 mid-segment of No. 2 ore body. Xinjiang Yakesi and Hami Jubao mainly completed mining development projects, such as construction of 507.6 meters of horizontal haulageway, construction of 15.2 meters of refuge chamber, construction of 1,500.1 meters of routes for drilling routing and construction of 167.5 meters of ramp at 150 mid-segment to 390 mid-segment of Huangshan No. 30 ore body. During the Period, the aggregate expenditure on the mine development of the Group was approximately RMB5.6 million.

MANAGEMENT DISCUSSION AND ANALYSIS

Ore mining

During the Period, Kalatongke Mining produced 411,120 tonnes of ores. Xinjiang Yakesi and Hami Jubao produced 566,573 tonnes of ores. During the Period, the aggregate expenditure on the ore mining of the Group was approximately RMB82.1 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 6 months ended 30 June 2024			For the 6 months ended 30 June 2023		
	Sales Volume Tonnes	Amount RMB'000	% to Revenue from principal businesses	Sales Volume Tonnes	Amount RMB'000	% to Revenue from principal businesses
Nickel cathode	4,378	531,526	50.4%	3,236	592,301	78.3%
Copper cathode	3,008	208,801	19.8%	1,452	88,402	11.7%
Copper concentrate	4,689	64,174	6.1%	3,564	43,919	5.8%
Other products	–	249,883	23.7%	–	31,809	4.2%
Of which: copper leaching tails	6,578	204,723	19.4%	–	–	–
Total revenue from principal activities	–	1,054,384	100%	–	756,431	100%
Profit or loss from changes in fair value	–	15,540	–	–	(20,486)	–
Cost of sales	–	(746,626)	70.8%	–	(386,754)	51.1%
Gross profit/gross profit margin*	–	323,298	30.2%	–	349,191	47.4%

* Gross profit margin = (total revenue from principal activities $\pm$ profit or loss from changes in fair value – cost of principal activities) / (total revenue from principal activities $\pm$ profit or loss from changes in fair value)

Note: In order to reflect the financial condition and operating results of the Company more objectively and fairly, the revenue of RMB7,361,000 from board slag, water slag and other waste residues included in other business revenue for the six months ended 30 June 2023 was reclassified into the revenue from principal activities, and the corresponding cost of RMB2,486,000 was reclassified into the cost of sales.

During the Period, the revenue of nickel cathode of the Group (including gain or loss on fair value changes of RMB12.3 million) decreased by approximately 4.9% to RMB543.8 million as compared with the Same Period Last Year, the average selling price of nickel cathode was RMB124,230 per tonne (excluding tax and including gain or loss on fair value changes), representing a decrease of approximately 29.7% as compared with that of the Same Period Last Year, and the sales volume of nickel cathode amounted to approximately 4,378 tonnes, representing an increase of approximately 35.3% as compared with that of the Same Period Last Year. The decrease in revenue from nickel cathode was mainly due to the lower selling price of nickel cathode during the period as compared to the Same Period Last Year.

MANAGEMENT DISCUSSION AND ANALYSIS

During the Period, the revenue of copper cathode of the Group increased by approximately 137.5% to RMB209 million as compared to the Same Period Last Year, and the average selling price of copper cathode was RMB69,407 per tonne (excluding tax), representing an increase of approximately 14.0% as compared to the Same Period Last Year. Sales volume of copper cathode was 3,008 tonnes, representing an increase of approximately 107.2% over the Same Period Last Year. The increase in revenue from copper cathodes was attributable to the increase in market price and sales volume of copper cathodes as compared to the Same Period Last Year.

During the Period, the revenue of copper concentrates of the Group (including gain or loss on fair value changes of RMB3.2 million) increased by approximately 53.5% to RMB67.4 million as compared with the Same Period Last Year, and the average selling price of copper concentrates was approximately RMB14,373 per tonne (excluding tax and including gain or loss on fair value changes), representing an increase of approximately 16.6% as compared with that of the Same Period Last Year. The sales volume of copper concentrate was approximately 4,689 tons, representing an increase of approximately 31.6% over the Same Period Last Year. The increase in copper concentrate revenue was attributable to the increase in sales price and sales volume of copper concentrates during the period as compared to the Same Period Last Year.

During the Period, the revenue from the other products of the Group increased by approximately 924.2% to RMB249.9 million as compared to the Same Period Last Year. This was mainly attributable to the revenue of approximately RMB204.7 million from the sales of copper leach tailings, approximately RMB26.7 million from other products (including approximately RMB14.4 million from products containing sulphuric acid, approximately RMB9.8 million from products containing gold and approximately RMB2.5 million from products containing silver) and approximately RMB18.5 million from other residues during the first half of 2024.

During the Period, the unit cost of sales of the Group's nickel cathode was approximately RMB75,890 per tonne, representing a decrease of approximately 4.6% as compared with the Same Period Last Year, while the unit cost of sales of the Group's copper cathode was approximately RMB61,379 per tonne, representing an increase of approximately 31.2% as compared with the Same Period Last Year.

During the Period, the Group recorded a gross profit of RMB323 million from its principal operations, representing a decrease of approximately RMB21 million as compared with the Same Period Last Year. During the Period, the gross profit margin of the main business was approximately 30.2%, representing a decrease of approximately 17.1 percentage points as compared to the Same Period Last Year.

Sales and marketing costs

During the Period, sales and marketing costs of the Group increased by approximately 64.9% to RMB6 million as compared to the Same Period Last Year, which was mainly attributable to the transportation costs incurred by the Group for the sales of products out of XinJiang being included in the selling expenses during the Period.

Administrative expenses

During the Period, the administrative expense of the Group was approximately RMB79 million, representing an increase of approximately RMB9 million as compared with that of the Same Period Last Year.

MANAGEMENT DISCUSSION AND ANALYSIS

Finance expenses – net

Net finance expenses of the Group for the Period decreased to RMB18.4 million from RMB22.1 million for the Same Period Last Year, which was mainly due to the timely adjustment of the Company's lending rates in accordance with the changes in market interest rates and the reduction of total interest-bearing liabilities considering the funding situation.

Investment Income

The Group's investment income for the Period amounted to approximately RMB11.4 million as compared to an investment loss of approximately RMB16.4 million for the Same Period Last Year. The decrease in the Group's investment income during the Period as compared to the Same Period Last Year was mainly attributable to (1) the significant increase in investment income derived from the Group's recognition of the net profit of joint ventures as compared to the Same Period Last Year and (2) the decrease in the nickel fine powder balance of the purchased Huxin Mining as compared to that of the beginning of the Period, while unrealized profits calculated internally on a consolidated basis and realized during the Period.

Financial position

The consolidated balance sheet of the Group remains stable. As at 30 June 2024, owners' equity increased by approximately 0.5% to RMB5,550.9 million as compared with that as of 31 December 2023, mainly due to earnings during the Period. As at 30 June 2024, total assets decreased by approximately 0.9% to RMB7,763.4 million as compared with that as of 31 December 2023.

During the Period, the Group's net cash inflows generated from operating activities was approximately RMB166.9 million. As compared to the net cash inflow of RMB72.4 million in the Same Period Last Year, there was an increase in the inflow of RMB94.5 million, primarily due to the significant increase in the sales volume of the Group's main products, nickel cathode and copper cathode, as compared with the Same Period Last Year, resulting in increased sales revenue during the Period. The net cash outflow used in investment activities were approximately RMB1.4 million, which were mainly attributable to the Group's acquisition of fixed assets and long-term assets during the Period. The net cash outflow generated from financing activities amounted to approximately RMB13.9 million, which were mainly attributable to the Group setting aside cash for the repayment of borrowings and interest cash outflows during the Period.

MANAGEMENT DISCUSSION AND ANALYSIS

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2024, the Group had total cash and cash equivalents amounting to approximately RMB635.3 million (31 December 2023: RMB483.7 million), and the total borrowings of the Group amounted to approximately RMB766.0 million (31 December 2023: RMB768.1 million). As such, the net debts of the Group (total borrowings minus cash and cash equivalents) amounted to approximately RMB130.7 million (31 December 2023: RMB284.4 million) and the gearing ratio (net debts divided by total capital*) was approximately 2.3% (31 December 2023: 4.9%).

	As at 30 June 2024	As at 31 December 2023
Current Ratio (<i>Times</i>)	1.8	1.8
Gearing Ratio (<i>net debts/total capital*</i>)	2.3%	4.9%

* Total capital: net debts + owners' equity

As at 30 June 2024, the aggregate amount of borrowings of the Group was approximately RMB766.0 million, of which, the loans for working capital by the Company was approximately RMB396.4 million, the loans for working capital by Xinjiang Yakesi was approximately RMB200 million, the loans for working capital by Kalatongke Mining was approximately RMB169.6 million.

COMMODITY PRICE RISK

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

RISK OF FLUCTUATIONS IN EXCHANGE RATE

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

MANAGEMENT DISCUSSION AND ANALYSIS

ENVIRONMENTAL RISK

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

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 floating 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 2024, the Group's interest-bearing debts were mainly RMB-denominated floating rate borrowings, which totaled RMB565.9 million (31 December 2023: RMB568.1 million). The Group has no interest rate swap arrangement.

PURCHASE, DISPOSAL OR REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any listed securities of the Company during the Period.

CHARGE ON ASSETS

As at 30 June 2024, a restricted bank deposit of RMB24.8 million out of the cash at bank and on hand of the Group was set aside as the security for issuing bank acceptance notes and other purposes. Save as disclosed above, as at 30 June 2024, there were no charges or pledges of assets in the Group.

CONTINGENT LIABILITIES

Save as disclosed in Notes X. 2 (4) and XIII to the unaudited consolidated interim financial statements of the Group, the Group had no other significant contingent liabilities as at 30 June 2024.

MAJOR ACQUISITIONS AND DISPOSAL

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

SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE

Save for the abovementioned, as at the date of this report, the Group did not have any significant event after balance sheet date.

MANAGEMENT DISCUSSION AND ANALYSIS

HISTORICAL CAPITAL EXPENDITURE

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

	Six months ended 30 June 2024	
	<i>RMB'000</i>	<i>% to Total</i>
Mining, ore processing and smelting and complementary operations in Kalatongke Mining	52,219	65.3%
Refining and complementary operations in Fukang Refinery	14,855	18.6%
Mining and ore processing operations in Xinjiang Yakesi	12,928	16.1%
Total	80,002	100%

FUTURE PLANS OF THE GROUP FOR MATERIAL INVESTMENTS OR ACQUISITION OF CAPITAL ASSETS FOR THE SECOND HALF OF 2024

Kalatongke Mining will undergo further enhancement of its daily mining and daily ore processing capabilities of 3,400 tonnes and 3,000 tonnes respectively, annual production of 8,000 tonnes of nickel contents out of the water hardening and nickel matte, as well as automation and technological optimization projects, and plans to invest approximately RMB31.2 million.

Fukang Refinery will further enhance the supporting facilities to increase the refining and processing capacity of electrolytic nickel and cathode copper, as well as automation and process optimization and transformation projects, and plans to invest approximately RMB80.0 million.

Xinjiang Yakesi will further improve production capacity and automation level renovation project, and plans to invest approximately RMB25.2 million.

The capital expenditure of the Group for the acquisition of fixed assets is planned to be approximately RMB22.1 million.

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

Save for the plans as disclosed above, the Group had no other plans for material investments or acquisition of capital assets as at 30 June 2024.

COMMITMENTS

Commitments of the Group as at 30 June 2024 are disclosed in Note XIII to the unaudited consolidated interim financial statements.

DIRECTORS' INTEREST

DIRECTORS' AND SUPERVISORS' INTEREST IN CONTRACT

As at 30 June 2024, 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 2024, the interests and/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 pursuant to the Model Code for Securities Transactions by Directors of Listed Companies ("Model Code") were as follows:

LONG POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY HELD BY DIRECTORS/SUPERVISORS AS AT 30 JUNE 2024

Director/ Supervisor	Number of Shares held		Total interests	Classes of share	Percentage of aggregate interests to relevant class of share	Percentage of aggregate interests to the total share
	Personal interest	Corporate interests				
Zhou Chuanyou		480,924,000	345,924,000	Domestic share		
				(Note 1)	27.47	15.65
			135,000,000	H share		
				(Note 2)	14.20	6.11

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

Note 2: The H shares are held by Zhongjin Investment.

Save as disclosed above, none of the directors and supervisors of the Company or their respective associates had, as at 30 June 2024, any interests and/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

STOCK APPRECIATION RIGHTS INCENTIVE PLAN

According to the “Xinjiang Xinxin Mining Co., Ltd. 2021 H Share Appreciation Rights Incentive Plan” (the “Incentive Plan”) as approved by the general meeting of shareholders of the Company held on 29 October 2021, the Company will provide 150 Xinjiang Xinxin Middle and Senior Management Personnel (including certain directors and supervisors of the Company) and other identified core key personnel (“incentive objects”) implement the stock appreciation rights incentive plan, and a total of 63,500,000 stock appreciation rights are granted to the incentive objects. The exercise price of the stock appreciation right is HKD1.58 per share, and the incentive object can exercise the right in next 36 months after 24 months of service from the grant date (29 October 2021), with 33%, 33%, 34% of the awards unlocking upon meeting certain performance condition. The stock appreciation rights are valid for 5 years from 29 October 2021.

According to relevant provisions of the Incentive Plan and the authorization granted by the general meeting, the Board of the Company considered and approved the adjustments to the list of Participants, the number of Effective Equity Interests and the exercise price under the Incentive Plan on 31 May 2024: (1) 32 Grantees have ceased to be eligible Grantees under the Plan due to job reassignments, resignations, etc. The number of Grantees under the incentive plan has been adjusted from 150 to 118, and the number of effective equity interests has been adjusted from 63,500,000 to 43,985,000. (2) According to the relevant provisions of the Incentive Plan, in the event of capitalization issue, bonus issue, share subdivision, share consolidation, dividend distribution, rights issue or additional issue of new shares by the Company prior to any exercise, the exercise price of the share appreciation rights shall be adjusted. The Company paid a final dividend of RMB0.15 per share for the year 2022 to all Shareholders of the Company (based on the average exchange rate of approximately HKD0.17, inclusive of tax, between RMB and HKD as announced by the People's Bank of China for the five business days preceding the date of approval of the annual profit distribution plan at the general meeting of the Company), a final dividend of RMB0.05 per share for the year 2023 to all Shareholders of the Company (based on the average exchange rate of approximately HKD0.05, inclusive of tax, between RMB and HK as announced by the People's Bank of China for the five business days preceding the date of approval of the annual profit distribution plan at the general meeting of the Company), and the adjusted exercise price = the exercise price prior to the adjustment – the amount of dividend per share, i.e. the adjusted exercise price is HKD1.36 per share.

The exercise price of the stock appreciation rights issued at the end of the period was HKD1.36 per share. As of 30 June 2024, the remaining term of the stock appreciation rights contract is 2 years and 4 months until 29 October 2026.

There were no share appreciation rights under the Incentive Plan exercised during the Period.

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 2024 is as follows:

	Number of shares issued	% of capital	Nominal value RMB'000
Registered, issued and fully paid			
Domestic shares of RMB0.25 each	1,259,420,000	56.99%	314,855
H shares of RMB0.25 each	950,580,000	43.01%	237,645
	2,210,000,000	100.00%	552,500

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES

So far as was known to any director or supervisor, as at 30 June 2024, the persons or companies (other than a director or supervisor of the Company) who had interests and/or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who were directly or indirectly deemed to be interested in 5% or more than the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company 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)有限公司)	885,204,000 (L)	Domestic share	70.29	40.06
Shanghai Yilian (Note 1)	282,896,000 (L)	Domestic share	22.46	12.80
Zhongjin Investment (Note 1)	63,028,000 (L)	Domestic share	5.00	2.85
	135,000,000 (L)	H share	14.20	6.11
Zijin Mining Group Company Limited* (紫金礦業集團股份有限 公司) ("Zijin Mining")	59,444,000 (L)	H Share (Note 2)	6.25	2.69
Zijin Mining Group (Xiamen) Investment Co., Ltd* (紫金礦業 集團(廈門)投資有限公司)("Zijin Mining (Xiamen)")	56,580,000 (L)	H Share	5.95	2.56

(L) : Long positions

SHARE CAPITAL AND DIVIDENDS

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

Note 2: The H shares are held by Zijin Mining (Xiamen) and Gold Mountains (H.K.) International Mining Company Limited (金山(香港)國際礦業有限公司). The entire shareholding or equity interests of Zijin Mining (Xiamen) and Gold Mountains (H.K.) International Mining Company Limited are beneficially owned by Zijin Mining.

Save as disclosed above, as at 30 June 2024, the directors of the Company were not aware of any other person (other than a director or supervisor of the Company) who had interests and/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 2024 (No interim dividend was distributed for 2023).

EMPLOYEES AND WELFARE

As at 30 June 2024, the Group had a total of 1,712 employees. Breakdowns by functions and divisions are as follows:

Division	No. of Employees	% to Total
Management and administration	133	7.77%
Engineering technician	178	10.4%
Production staff	1,092	63.79%
Repair and maintenance	231	13.49%
Inspection	65	3.79%
Sales	13	0.76%
Total	1,712	100%

The remuneration package of the Group's employees includes salary, bonuses and allowances. The Group has participated in the social insurance contribution plans organised by local governments in the PRC. In accordance with the relevant national and local labour and social welfare laws and regulations, the Group is required to pay on behalf of its employees a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance, housing provident funds and enterprise annuity. According to the currently applicable local regulations, the respective percentages of the pension insurance, medical insurance, unemployment insurance, housing provident funds and enterprise annuity which the Group must contribute are 16%, 6.5% to 8%, 0.5%, 12% and 8%, respectively, of its employees' total monthly basic salary. The Group also contributes 1.05% to 2.85% of its employees' total monthly basic salary for occupational injury insurance.

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") as set out in Appendix C1 to the Listing Rules throughout the Period.

BOARD OF DIRECTORS

The Board currently consists of nine directors, including two executive directors, four non-executive directors and three independent non-executive directors. During the Period, the Board convened three meetings (with an attendance rate of 85%).

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 three meeting during the Period (with an attendance rate of 87%).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company had adopted the Model Code as its code of conduct regarding securities transactions by the directors, supervisors and senior management of the Company. Upon specific enquiries made of all the directors, supervisors and senior management of the Company, all the directors, supervisors and senior management of the Company 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. Hu Benyuan and Mr. Lee Tao Wai, with Mr. Hu Benyuan serving as the Chairman. The Audit Committee has reviewed the unaudited financial results and the interim report 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.*
Qi Xinhui
Chairman

Xinjiang, the PRC, 30 August 2024

CONSOLIDATED AND COMPANY BALANCE SHEETS (UNAUDITED)

As at 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

Item	Note	30 June 2024 Consolidated	31 December 2023 Consolidated	30 June 2024 Company	31 December 2023 Company
Current assets:					
Cash at bank and on hand	V.1	660,106,535.67	553,829,081.81	592,744,691.84	506,166,108.09
Financial assets held for trading	V.2	—	11,000,000.00	—	—
Notes receivable	V.3	25,153,408.66	9,785,954.00	18,920,855.00	614,676.72
Accounts receivable	V.4, XVI.1	36,287,622.14	130,201,500.12	24,656,960.14	117,750,308.26
Financing receivables	V.5	257,489,302.93	119,680,583.62	225,781,650.62	84,067,005.22
Advances to suppliers	V.7	29,916,470.58	26,694,576.52	492,943,455.28	647,011,653.15
Other receivables	V.6, XVI.2	22,393,720.09	14,503,432.54	73,831,738.33	73,599,452.99
Inventories	V.8	1,159,756,174.46	1,284,579,340.20	933,205,583.55	977,323,920.03
Non-current assets due within one year		—	—	150,400,000.00	3,400,000.00
Other current assets	V.9	10,660,069.84	13,743,583.32	7,147.49	1,525,625.64
Total current assets		2,201,763,304.37	2,164,018,052.13	2,512,492,082.25	2,411,458,750.10
Non-current assets:					
Long-term receivables		—	—	570,000,000.00	718,700,000.00
Long-term equity investments	V.10、XVI.3	197,843,221.86	186,085,773.69	2,516,274,004.39	2,515,600,405.91
Investment properties	V.11	222,972,250.85	224,135,064.33	4,114,595.46	4,157,717.58
Fixed assets	V.12	3,484,435,841.74	3,566,730,673.97	460,926,860.18	483,236,907.12
Construction in progress	V.13	460,835,092.37	438,516,248.15	97,769,788.33	90,273,138.85
Right-of-use assets	V.14	669,309.65	1,338,619.31	669,309.65	1,338,619.31
Intangible assets	V.15	1,079,076,970.96	1,124,051,923.48	38,686,639.24	39,244,330.94
Development costs		20,310,949.28	20,075,100.22	4,944,548.85	4,708,699.79
Goodwill	V.16	9,987,911.01	9,987,911.01	—	—
Long-term prepaid expenses	V.18	2,023,519.33	2,344,603.51	2,023,519.33	2,344,603.51
Deferred tax assets	V.19	61,840,282.49	88,258,987.09	46,340,817.94	57,915,712.24
Other non-current assets	V.20	21,630,475.12	12,035,265.42	—	—
Total non-current assets		5,561,625,824.66	5,673,560,170.18	3,741,750,083.37	3,917,520,135.25
Total assets		7,763,389,129.03	7,837,578,222.31	6,254,242,165.62	6,328,978,885.35

CONSOLIDATED AND COMPANY BALANCE SHEETS (UNAUDITED)

As at 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

Item	Note	30 June 2024 Consolidated	31 December 2023 Consolidated	30 June 2024 Company	31 December 2023 Company
Current liabilities:					
Short-term borrowings	V.22	200,000,000.00	200,000,000.00	–	–
Financial liabilities held for trading	V.23	–	48,976,869.63	–	48,976,869.63
Notes payable	V.24	51,026,761.09	224,100,000.00	63,600,000.00	237,150,000.00
Accounts payable	V.25	269,243,196.02	302,062,627.82	80,709,250.87	93,753,206.57
Advances from customers	V.27	384,143.73	–	–	–
Contract liabilities	V.28	46,742,582.80	16,763,619.58	34,697,238.41	5,995,217.48
Employee benefits payable	V.29	92,724,054.05	120,083,444.53	47,171,266.46	55,825,479.42
Taxes payable	V.30	56,802,780.08	16,738,776.22	29,680,496.11	4,001,824.57
Other payables	V.26	313,343,554.82	212,210,363.97	164,789,103.06	55,806,875.92
Non-current liabilities due within one year	V.31	193,449,898.74	41,854,448.85	151,799,165.55	4,772,093.89
Other current liabilities	V.32	6,076,535.76	2,179,270.55	4,510,640.99	779,378.28
Total current liabilities		1,229,793,507.09	1,184,969,421.15	576,957,161.45	507,060,945.76
Non-current liabilities:					
Long-term borrowings	V.33	414,500,000.00	563,700,000.00	246,000,000.00	394,700,000.00
Lease liabilities	V.34	–	–	–	–
Long-term payables	V.35	336,830,181.64	333,569,458.80	216,381.50	62,770.30
Long-term employee benefits payable	V.36	1,843,383.71	–	1,843,383.71	–
Provisions	V.37	124,278,084.77	120,468,806.02	–	–
Deferred income	V.38	24,344,754.13	25,181,706.31	7,115,742.19	7,328,758.15
Deferred tax liabilities	V.19	80,930,394.54	89,180,418.57	–	–
Total non-current liabilities		982,726,798.79	1,132,100,389.70	255,175,507.40	402,091,528.45
Total liabilities		2,212,520,305.88	2,317,069,810.85	832,132,668.85	909,152,474.21

CONSOLIDATED AND COMPANY BALANCE SHEETS (UNAUDITED)

As at 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

Item	Note	30 June 2024 Consolidated	31 December 2023 Consolidated	30 June 2024 Company	31 December 2023 Company
Owners' equity:					
Share capital	V.39	552,500,000.00	552,500,000.00	552,500,000.00	552,500,000.00
Capital reserves	V.40	4,259,048,821.29	4,258,569,997.76	4,255,233,681.02	4,254,754,857.49
Special reserves	V.41	6,403,764.33	–	1,770,743.91	–
Surplus reserves	V.42	276,250,000.00	276,250,000.00	276,250,000.00	276,250,000.00
Undistributed profits	V.43	452,296,184.63	416,872,671.59	336,355,071.84	336,321,553.65
Total equity attributable to shareholders of the parent company		5,546,498,770.25	5,504,192,669.35	5,422,109,496.77	5,419,826,411.14
Non-controlling interests		4,370,052.90	16,315,742.11	–	–
Total owners' equity		5,550,868,823.15	5,520,508,411.46	5,422,109,496.77	5,419,826,411.14
Total liabilities and shareholders' equity		7,763,389,129.03	7,837,578,222.31	6,254,242,165.62	6,328,978,885.35

CONSOLIDATED AND COMPANY INCOME STATEMENTS (UNAUDITED)

As at 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

Item	Note	Six months ended 30 June 2024 Consolidated	Six months ended 30 June 2023 Consolidated	Six months ended 30 June 2024 Company	Six months ended 30 June 2023 Company
I. Total revenue		1,065,347,200.66	763,744,123.62	975,500,546.27	706,308,713.32
Including: Revenue	V.44 · XVI.4	1,065,347,200.66	763,744,123.62	975,500,546.27	706,308,713.32
II. Total cost of sales		888,091,819.20	519,489,055.09	848,609,984.85	574,661,460.70
Including: Cost of sales	V.44	753,069,776.81	390,345,449.06	811,491,037.70	546,397,479.31
Taxes and surcharges	V.45	22,563,448.81	20,360,673.69	5,359,813.06	9,305,299.73
Selling expenses	V.46	6,443,080.66	3,907,606.00	6,213,035.89	3,426,170.81
General and administrative expenses	V.47	79,095,822.34	70,290,922.06	27,482,884.75	23,527,437.67
Research and development expenses	V.48	8,563,222.76	12,527,132.70	2,937,557.37	1,270,951.24
Financial expenses	V.49	18,356,467.82	22,057,271.58	-4,874,343.92	-9,265,878.06
Including: Interest expenses		11,788,655.11	19,791,808.79	6,456,817.78	7,986,705.71
Interest income		3,827,410.37	7,926,840.67	11,371,196.74	17,313,737.50
Add: Other income	V.50	13,166,824.67	3,808,509.85	2,819,122.88	1,184,614.38
Investment income	V.52, XVI.5	11,396,550.67	-16,434,163.32	194,774.95	225,463.28
Including: Income from investments in associates and joint ventures		194,774.95	225,463.28	194,774.95	225,463.28
Gains on changes in fair value	V.51	15,539,621.24	-20,486,134.51	12,315,436.91	-20,486,134.51
Credit impairment losses	V.53	1,989,841.64	138,318.68	1,633,297.46	119,858.94
Asset impairment losses	V.54	-42,556,760.60	-	-630,577.25	-
III. Operating profit		176,791,459.08	211,281,599.23	143,222,616.37	112,691,054.71
Add: Non-operating income	V.55	2,529,948.89	283,146.38	1,905,232.25	230,646.38
Less: Non-operating expenses	V.56	1,537,783.88	479,651.81	361,862.98	27,087.04
IV. Total profit		177,783,624.09	211,085,093.80	144,765,985.64	112,894,614.05
Less: Income tax expenses	V.57	43,805,800.26	40,782,252.46	34,232,467.45	22,207,674.53
V. Net profit		133,977,823.83	170,302,841.34	110,533,518.19	90,686,939.52
(I) Classified by continuity of operations		133,977,823.83	170,302,841.34	110,533,518.19	90,686,939.52
1. Net profit from continuing operations		133,977,823.83	170,302,841.34	110,533,518.19	90,686,939.52
2. Net profit from discontinued operations (Net loss marked with "-")		-	-	-	-
(II) Classified by owner's equity		-	-	-	-
1. Net profit attributable to equity owners of the parent company		145,923,513.04	170,403,273.13	110,533,518.19	90,686,939.52
2. Gains or losses attributable to non-controlling interests		-11,945,689.21	-100,431.79	-	-

CONSOLIDATED AND COMPANY INCOME STATEMENTS (UNAUDITED)

As at 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

Item	Note	Six months ended 30 June 2024 Consolidated	Six months ended 30 June 2023 Consolidated	Six months ended 30 June 2024 Company	Six months ended 30 June 2023 Company
VI. Other comprehensive income after tax		-	-	-	-
Net after-tax amount of other comprehensive income attributable to equity owners of the parent company		-	-	-	-
Net after-tax amount of other comprehensive income attributable to non-controlling interests		-	-	-	-
VII. Total comprehensive income		133,977,823.83	170,302,841.34	110,533,518.19	90,686,939.52
Total comprehensive income attributable to shareholders of the parent company		145,923,513.04	170,403,273.13	110,533,518.19	90,686,939.52
Total consolidated income attributable to non-controlling interests		-11,945,689.21	-100,431.79	-	-
VIII. Earnings per share:		-	-	-	-
(I) Basic earnings per share (RMB/share)		0.066	0.077	-	-
(II) Diluted earnings per share (RMB/share)		0.066	0.077	-	-

Legal representative:
Qi Xinhui

Principal in charge of accounting:
He Hongfeng

Head of accounting department:
Jin Shufang

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS (UNAUDITED)

As at 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

Item	Notes	Six months ended 30 June 2024 Consolidated	Six months ended 30 June 2023 Consolidated	Six months ended 30 June 2024 Company	Six months ended 30 June 2023 Company
I. Cash flows from operating activities:					
Cash received from sales of goods or rendering of services		814,043,238.58	535,522,634.53	710,255,618.17	456,084,075.40
Received tax refunds		2,877,400.51	–	2,877,400.51	–
Cash received relating to other operating activities	V.59.(1)	32,919,385.31	15,992,560.53	18,941,613.37	113,135,176.40
Sub-total of cash inflows from operating activities		849,840,024.40	551,515,195.06	732,074,632.05	569,219,251.80
Cash paid for goods and services		386,411,676.78	131,667,262.42	498,585,700.79	353,789,365.71
Cash paid to and on behalf of employees		165,218,908.88	164,502,837.60	65,709,513.31	62,048,705.39
Payments of taxes and surcharges		85,434,351.68	161,020,703.41	22,789,929.21	120,336,048.43
Cash paid relating to other operating activities	V.59.(1)	45,906,122.88	21,913,674.02	29,484,959.81	17,805,954.89
Sub-total of cash outflows from operating activities		682,971,060.22	479,104,477.45	616,570,103.12	553,980,074.42
Net cash flows generated from operating activities	V.60.(1)	166,868,964.18	72,410,717.61	115,504,528.93	15,239,177.38
II. Cash flows from investing activities:					
Cash received from disinvestments		117,926.03	10,592,502.74	18,000,000.00	142,450,000.00
Cash received from the disposal of fixed assets, intangible assets, and other long-term assets		–	19,660.00	–	19,660.00
Cash received from disposal of financial assets		–	11,000,000.00	–	–
Cash received relating to other investing activities	V.59.(2)	11,000,000.00	–	8,156,817.78	–
Sub-total of cash inflows from investing activities		11,117,926.03	21,612,162.74	26,156,817.78	142,469,660.00
Cash paid to acquire fixed assets and other long-term assets		12,491,312.03	14,645,694.62	620,069.46	3,521,513.05
Cash paid for investments		–	–	–	45,000,000.00
Cash paid to acquire financial assets		–	11,000,000.00	–	–
Cash paid to provide loans to subsidiaries		–	–	–	–
Cash paid relating to other investing activities		–	–	–	–

CONSOLIDATED AND COMPANY CASH FLOW STATEMENTS (UNAUDITED)

As at 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

Item	Notes	Six months ended 30 June 2024 Consolidated	Six months ended 30 June 2023 Consolidated	Six months ended 30 June 2024 Company	Six months ended 30 June 2023 Company
Sub-total of cash outflows from investing activities		12,491,312.03	25,645,694.62	620,069.46	48,521,513.05
Net cash flows generated/(used in) from investing activities		-1,373,386.00	-4,033,531.88	25,536,748.32	93,948,146.95
3. Cash flows from financing activities		-	-	-	-
Cash flows from financing activities		100,000,000.00	400,000,000.00	-	-
Sub-total of cash inflows		100,000,000.00	400,000,000.00	-	-
Cash repayments of borrowings		102,200,000.00	358,700,000.00	1,700,000.00	48,700,000.00
Cash payments for interest expenses		11,719,851.11	19,635,011.28	6,456,817.78	7,986,705.71
Cash paid relating to other financing activities	V.59.(3)	-	2,843,489.04	-	117,443.76
Sub-total of cash outflows from financing activities		113,919,851.11	381,178,500.32	8,156,817.78	56,804,149.47
Net cash flows generated from financing activities		-13,919,851.11	18,821,499.68	-8,156,817.78	-56,804,149.47
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-	-	-	-
V. Net increase in cash and cash equivalents	V.60.(2)	151,575,727.07	87,198,685.41	132,884,459.47	52,383,174.86
Add: Opening balance of cash and cash equivalents	V.60.(2)	483,702,769.38	621,470,686.87	442,353,832.37	596,436,866.09
VI. Closing balance of cash and cash equivalents	V.60.(2)	635,278,496.45	708,669,372.28	575,238,291.84	648,820,040.95

Legal representative:
Qi Xinhui

Principal in charge of accounting:
He Hongfeng

Head of accounting department:
Jin Shufang

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

As at 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

Item	Attributable to shareholders' equity of the Company							Total owners' equity
	Share capital (note 4 (33))	Capital reserves (note 4 (34))	Special reserves (note 4 (35))	Surplus reserves (note 4 (36))	Undistributed profits/ (Accumulated losses) (note 4 (37))	Sub-total	Non-controlling interests (note 5 (1))	
Balance at 1 January 2023	552,500,000.00	4,258,569,997.76	–	276,250,000.00	585,709,023.40	5,673,029,021.16	16,636,813.99	5,689,665,835.15
Movements for the period ended 30 June 2023								
Total comprehensive income	–	–	–	–	170,403,273.13	170,403,273.13	-100,431.79	170,302,841.34
– Net profit	–	–	–	–	170,403,273.13	170,403,273.13	-100,431.79	170,302,841.34
Withdrawal in the current period	–	–	17,040,718.97	–	–	17,040,718.97	–	17,040,718.97
Use in the current period	–	–	-15,035,761.82	–	–	-15,035,761.82	–	-15,035,761.82
Distributions to owners (or shareholders)	–	–	–	–	-331,500,000.00	-331,500,000.00	–	-331,500,000.00
Balance at 30 June 2023	552,500,000.00	4,258,569,997.76	2,004,957.15	276,250,000.00	424,612,296.53	5,513,937,251.44	16,536,382.20	5,530,473,633.64
Balance at 1 January 2024	552,500,000.00	4,258,569,997.76	–	276,250,000.00	416,872,671.59	5,504,192,669.35	16,315,742.11	5,520,508,411.4
Movements for the period ended 30 June 2024								
Total comprehensive income	–	–	–	–	145,923,513.04	145,923,513.04	-11,945,689.21	133,977,823.83
– Net profit	–	–	–	–	145,923,513.04	145,923,513.04	-11,945,689.21	133,977,823.83
Withdrawal in the current period	–	–	27,151,088.22	–	–	27,151,088.22	–	27,151,088.22
Use in the current period	–	–	-20,747,323.89	–	–	-20,747,323.89	–	-20,747,323.89
Owner input and reduced capital	–	478,823.53	–	–	–	478,823.53	–	478,823.53
Distributions to owners (or shareholders)	–	–	–	–	-11,0500,000.00	-11,0500,000.00	–	-11,0500,000.00
Balance at 30 June 2024	552,500,000.00	4,259,048,821.29	6,403,764.33	276,250,000.00	452,296,184.63	5,546,498,770.25	4,370,052.90	5,550,868,823.15

COMPANY STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

As at 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

Item	Share capital (note 4 (33))	Capital reserves (note 4 (34))	Special reserves (note 4 (35))	Surplus reserves (note 4 (36))	Undistributed profits/ (Accumulated losses) (note 4 (37))	Total owners' equity
Balance at 1 January 2023	552,500,000.00	4,254,754,857.49	–	276,250,000.00	600,717,115.95	5,684,221,973.44
Movements for the period ended 30 June 2023						
Total comprehensive income	–	–	–	–	90,686,939.52	90,686,939.52
– Net profit	–	–	–	–	90,686,939.52	90,686,939.52
Withdrawal in the current period	–	–	4,787,608.08	–	–	4,787,608.08
Use in the current period	–	–	-3,043,542.89	–	–	-3,043,542.89
Distributions to owners (or shareholders)	–	–	–	–	-331,500,000.00	-331,500,000.00
Balance at 30 June 2023	552,500,000.00	4,254,754,857.49	1,744,065.19	276,250,000.00	359,904,055.47	5,445,152,978.15
Movements for the period ended 30 June 2024	552,500,000.00	4,254,754,857.49	–	276,250,000.00	336,321,553.65	5,419,826,411.14
Balance at 1 January 2024						
Total comprehensive income	–	–	–	–	110,533,518.19	110,533,518.19
– Net profit	–	–	–	–	110,533,518.19	110,533,518.19
Withdrawal in the current period	–	–	3,983,279.27	–	–	3,983,279.27
Use in the current period	–	–	-2,212,535.36	–	–	-2,212,535.36
Owner input and reduced capital	–	478,823.53	–	–	–	478,823.53
Distributions to owners (or shareholders)	–	–	–	–	-110,500,000.00	-110,500,000.00
Balance at 30 June 2024	552,500,000.00	4,255,233,681.02	1,770,743.91	276,250,000.00	336,355,071.84	5,422,109,496.77

Legal representative:
Qi Xinhui

Principal in charge of accounting:
He Hongfeng

Head of accounting department:
Jin Shufang

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

I. GENERAL INFORMATION

Xinjiang Xinxin Mining Industry Co. Ltd. (hereinafter referred to as the “Company” and, when including subsidiaries, referred to as the “Group”) was incorporated on 1 September 2005 in Urumqi, Xinjiang Uygur Autonomous Region of the People’s Republic of China (hereinafter referred to as the “PRC”) together by Xinjiang Non-ferrous Metal Industry (Group) Ltd. (hereinafter referred to as the “Xinjiang Non-ferrous Group”), Shanghai Yilian Kuangneng Co. Ltd. (hereinafter referred to as the “Shanghai Yilian”), Zhongjin Investment (Group) Ltd. (hereinafter referred to as the “Zhongjin Investment”), Xiamen Zijin Technology Co., Ltd. (now changed the name to Zijin Mining Group (Xiamen) Investment Co., Ltd. hereinafter referred to as the “Xiamen Zijin”), Xinjiang Xinying New Material Co., Ltd. (hereinafter referred to as the “Xinjiang Xinying”) and Shaanxi Honghao Industry Co. Ltd. (hereinafter referred to as the “Shaanxi Honghao”). Xinjiang Non-ferrous Group is the holding company of the Company. The Company was established with a total equity of RMB300,000,000.00 which was valued at RMB1 per share.

On 19 May 2006, the Company issued 80,000,000 new shares at a value 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 HKD6.5 (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 which par value was RMB0.25 and transferred to the National Council for Social Security Fund of the PRC. Total capital increased to RMB552,500,000.00 after this issue.

On 9 March 2016, Shaanxi Honghao transferred all 6,272,000 domestic shares that it held in the Company to Shaanxi Guangyou Trading Co., Ltd. (hereinafter referred to as the “Shaanxi Guangyou”) through negotiated assignment.

The Group is principally engaged in the mining, ore processing, smelting, refining of nickel, copper, and vanadium, and sales of nickel, copper, and other non-ferrous metal products.

These financial statements were authorized for issue by the Company’s Board of Directors on 30 August 2024.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

II. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS

1. Basis for the preparation

The Group's financial statements have been prepared on the basis of transactions and events that actually occurred, in accordance with the Accounting Standards for Business Enterprises, its Application Guidelines, Interpretations and other relevant regulations issued by the Ministry of Finance (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises"), the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – the General Provisions (2023 Revision) of Financial Reports issued by the China Securities Regulatory Commission (hereinafter referred to as the "CSRC") disclosure related requirements for the preparation.

The disclosure of certain related matters in the financial statements has been made in accordance with the requirements of the Hong Kong Companies Ordinance.

2. Going concern

The Company has a recent history of profitable operations supported by financial resources and considers it reasonable to prepare its financial statements on a going-concern basis.

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Specific accounting policies and accounting estimates formulated by the Group in accordance with the actual production and operation characteristics include the method of providing for expected credit losses on receivables, the valuation method of inventories, depreciation of property, plant and equipment, amortization of intangible assets and right-of-use assets, judgmental criteria for the capitalization of development expenditures, impairment of long-term assets, and recognition and measurement of income.

1. Statement of compliance with the Accounting Standards for Business Enterprises

The 2024 interim financial statements comply with the requirements of the Accounting Standards for Business Enterprises and truly, completely reflect the consolidated and Company's financial position as of 30 June 2024 and the consolidated and Company's results of operations and cash flows for the 2024 interim period, and other related information.

2. Accounting year

The accounting year of the Group is from 1 January to 31 December of the calendar year.

3. Recording currency

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

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

4. Methodology for determining materiality criteria and basis for selection

The Group follows the principle of materiality in the preparation and disclosure of its financial statements. The disclosures in the notes to the financial statements that involve materiality judgments and the methodology for determining and selecting the materiality criteria are as follows:

Disclosures involving materiality criteria judgments	Methodology for determining materiality criteria and basis for selection
Significant accounts receivable with single provision for bad debt reserves	The single provision amount accounts for more than 10% of the total bad debt provision for various receivables and the amount more than RMB1 million
Significant bad debt provision recovery or reversal	The single recovery or reversal amount accounts for more than 10% of the total bad debt reserves of various receivables and the amount more than RMB1 million
Significant accounts receivable write off	The single write-off amount accounts for more than 10% of the total amount of various receivables and the amount more than RMB1 million
Accounts payable/other payables aging over 1 year	Single accounts payable/other payables aging over 1 year accounted for more than 10% of total accounts payable/other payables and the amount more than RMB1 million
Significant construction projects in progress	Single construction-in-progress project budget more than RMB40 million
Significant estimated liabilities	Estimated liabilities of a single type account for more than 1% of the total estimated liabilities and the amount exceeds RMB20 million
Significant joint ventures or associates	The book value of long-term equity investments in a single invested entity accounts for more than 2% of the Group's net assets and the amount is more than RMB100 million

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

5. Accounting for business combinations under common control and not under common control

(1) Business combinations involving entities under common control

The consideration paid and net assets obtained by the combining party in a business combination are measured at the book value. If the combined party is acquired from a third party by the ultimate controlling party in a prior year, the consideration paid, and net assets obtained by the combining party are measured based on the book values of the combined party's assets and liabilities (including the goodwill arising from the acquisition of the combined party by the ultimate controlling party) presented in the consolidated financial statements of the ultimate controlling party. The difference between the book value 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 issuance of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

(2) 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 recognized 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 recognized 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 recognized amounts of the equity or debt securities.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

6. Preparation of consolidated financial statements

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

Subsidiaries are consolidated from the date on which the Group obtains control and cease to be consolidated from the date that such control ceases. Subsidiaries are consolidated from the date the Group obtains control and cease to be consolidated from the date that such control ceases. For subsidiaries acquired in a business combination under common control, they are included in the Company's scope of consolidation from the date on which they come under the control of the same ultimate controlling party as the Company, and their net profits realized before the consolidation date are 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 its 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 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.

All significant intra-group balances, transactions, and unrealized profits are eliminated in the consolidated financial statements. The portion of the subsidiaries' shareholders' equity, net profit or loss for the period and comprehensive income that is not attributable to the Company's ownership is presented separately in the consolidated financial statements under shareholders' equity, net profit or loss, and total comprehensive income attributable to minority shareholders as minority interest, minority profit or loss, and total comprehensive income attributable to minority shareholders, respectively. If the minority shareholders' share of the subsidiary's current loss exceeds the minority shareholders' share of the subsidiary's owners' equity at the beginning of the period, the balance is eliminated to reduce the minority shareholders' equity.

Unrealized gains or losses on internal transactions, if they are caused by the sale of assets by the Company to a subsidiary, are fully offset against net income attributable to shareholders of the parent company; if they have resulted from the sale of assets by a subsidiary to the Company, they are allocated to offset between net income attributable to shareholders of the parent company and minority interests in proportion to the Company's allocation to that subsidiary; if they arise from the sale of assets between subsidiaries, they are allocated to offset between net income attributable to shareholders of the parent company and minority interests in proportion to the parent company's allocation to the seller's subsidiary.

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

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

7. Cash and cash equivalents

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

8. Foreign currency transactions

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

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rate at that date. Exchange differences arising from specialized borrowings in foreign currencies for the purpose of acquiring and constructing assets that qualify for capitalization of borrowing costs are capitalized in the period in which they are capitalized. Non-monetary items denominated in foreign currencies that are measured at historical costs are translated using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

9. Financial instruments

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

(1) Financial assets

1) Classification & Measurement

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

Financial assets are measured at fair value at initial recognition. For financial assets at fair value through profit or loss, the related transaction costs are recognized directly in the current profit or loss; for other categories of financial assets, the related transaction costs are recognized in the initial recognition amount. For accounts receivable or notes receivable arising from the sale of goods or provision of services that do not contain or consider significant financing components, the Group recognizes them initially at the amount of the consideration to which it expects to be entitled.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(1) Financial assets (Continued)

1) Classification & Measurement (Continued)

Debt instruments

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

Measured at amortized cost:

The Group's business model for managing such financial assets is to collect the contractual cash flows, and the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. That is, the cash flows generated on a specific date, represent solely payment of the principal and interest on the outstanding principal amount. The Group recognizes interest income for such financial assets in accordance with the effective interest method. Such financial assets mainly include cash at bank and on hand, notes receivable, accounts receivable, other receivables, debt investments, and long-term receivables. The Group presents debt investments and long-term receivables due within one year (including one year) from the balance sheet date as non-current assets due within one year; debt investments due within one year (including one year) at the time of acquisition are presented as other current assets.

Measured at fair value through other comprehensive income:

The Group's business model for managing such financial assets is achieved both by collecting contractual cash flows and from the sale of these assets. The contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. Such financial assets are measured at fair value through other comprehensive income, but impairment losses or gains, exchange gains and losses, and interest income calculated by the effective interest method are recognized in the current profit or loss. Such financial assets mainly include receivables financing, other debt investments, etc. The Group's other debt investments due one year (including one year) from the balance sheet date are shown as non-current assets due within one year; other debt investments due within one year (including one year) at the time of acquisition are shown as other current assets.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(1) Financial assets (Continued)

1) Classification & Measurement (Continued)

Measured at fair value through profit or loss:

The Group classifies debt instruments held that are not classified as at amortized cost and at fair value through other comprehensive income as at fair value through profit or loss. In order to eliminate or significantly reduce accounting mismatch on initial recognition, the Group designates part of financial assets as financial assets at fair value through profit or loss. The assets with a maturity of more than 1 year and expected to be held for more than 1 year are presented in other non-current financial assets, others are presented in financial assets held for trading.

Equity instruments

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

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

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(1) Financial assets (Continued)

2) Impairment of financial assets

The Group recognizes loss provisions based on expected credit losses for financial assets measured at amortized cost, investments in debt instruments at fair value through other comprehensive income, contract assets, lease receivables, and financial guarantee contracts.

The Group recognizes expected credit losses by calculating the probability-weighted amount of the present value of the difference between the cash flows receivable under a contract and the cash flows expected to be received, weighted by the risk of default, considering reasonable and substantiated information about past events, current conditions and projections of future economic conditions that are available at the balance sheet date without undue additional cost and effort.

For notes receivable, accounts receivable, financing receivables, and contract assets arising from ordinary operating activities, such as sales of goods and rendering of services, the Group measures the loss allowance based on expected credit losses over the entire duration, regardless of whether there is a significant financing component. For lease receivables, the Group also elects to measure the loss allowance based on expected credit losses over the entire duration.

Except for notes receivable, accounts receivable, financing receivables, contract assets, and lease receivables mentioned above, at each balance sheet date, the Group measures separately the expected credit losses on financial instruments in different stages. If the credit risk of a financial instrument has not increased significantly since initial recognition, the financial instrument is in stage 1, and the Group measures the loss allowances based on the expected credit losses in the next 12 months; if the credit risk of a financial instrument has increased significantly since initial recognition, but credit impairment has not occurred, the financial instrument is in stage 2, and the Group measures the loss allowances based on the expected credit losses over the entire duration of the instrument; and if a financial instrument has been impaired since initial recognition, the financial instrument is in stage 3, and the Group measures the loss allowances based on the expected credit losses over the entire duration of the instrument.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(1) Financial assets (Continued)

2) Impairment of financial assets (Continued)

For financial instruments with low credit risk at the balance sheet date, the Group assumes that there has been no significant increase in credit risk since initial recognition, recognizes them as financial instruments in stage 1, and measures the loss allowances based on the expected credit losses in the next 12 months.

The Group calculates interest income on financial instruments in stages 1 and 2 on the basis of their book balance before the provision for impairment and the effective interest rate. For financial instruments in stage 3, interest income is calculated on the basis of their book balance less amortized cost after provision for impairment and the effective interest rate.

When information on expected credit losses cannot be assessed at a reasonable cost for a single financial asset, the Group classifies receivables into portfolios based on credit risk characteristics, calculates expected credit losses on a portfolio basis, and determines the portfolios on the following basis:

Related party portfolio

Related party customers

Unrelated party portfolio

Unrelated party customers

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

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

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(1) Financial assets (Continued)

3) Derecognition of financial assets

A financial asset is derecognized when any of the below criteria are 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 all the risks and rewards of ownership of the financial asset substantially 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.

Upon derecognition of investments in other equity instruments, the difference between their book value and the sum of the consideration received and the accumulated changes in fair value that had been recognized directly in other comprehensive income is recognized in retained earnings, as derecognizing the remaining financial assets, it is recognized in profit or loss.

(2) Financial liabilities

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

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

When the present obligation of financial liabilities is discharged in whole or in part, the Group shall derecognize the financial liabilities or the portion of the obligation that is discharged. The difference between the book value of the derecognized portion and the consideration paid is recognized in profit or loss.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

9. Financial instruments (Continued)

(3) 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 financial instruments that are not traded in an active market, valuation techniques are used to determine their fair value. In making a valuation, the Group uses valuation techniques that are appropriate in the circumstances and supported by sufficient available data and other information to select inputs that are consistent with the characteristics of the assets or liabilities that would be considered by a market participant in a transaction for the related assets or liabilities, with preference given to the use of relevant observable inputs where possible. Where relevant observable inputs are not available or not practicable to obtain, unobservable inputs shall be used.

10. Inventories

(1) Classification

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

(2) Valuation method of issued 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 labor and systematically allocated production overhead based on the normal production capacity.

(3) Basis for determining net realizable values of inventories and method for making provision for a decline in the value of inventories

Provision for a decline in the value of inventories is made for the difference between the cost of inventories and their net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated contract performance costs and selling expenses, and related taxes.

(4) Inventory system

The Group adopts the perpetual inventory system.

(5) Amortization method for low-value consumables and packaging

Low-value consumables are amortized using the step-by-step amortization method, and packaging materials are amortized using the one-time write-off method.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments

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

Subsidiaries are investees over which the Company can exercise control. A joint venture is a joint arrangement entered into by the Group through a separate entity over which the Group can exercise joint control with other parties and over which the Group has rights only to the net assets by virtue of legal form, contractual terms, and other facts and circumstances.

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

(1) Determination of investment cost

For long-term equity investments acquired through a business combination under common control, the cost of the investment is recognized at the date of the combination as the share of the book value of the equity in the consolidated financial statements of the ultimate controlling party; for long-term equity investment acquired through a business combination 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 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.

(2) 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 recognized as investment income in profit or loss for the current period.

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

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (Continued)

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

For long-term equity investments accounted for using the equity method, the Group recognizes the investment income according to its share of the net profit or loss of the investee. The Group discontinues recognizing its share of net losses of an investee after the book value 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 recognizing the investment losses and the provisions. Changes in the owners' equity of the investee other than net profit or loss, other comprehensive income, and profit distribution shall be adjusted to the book value of the long-term equity investment and credited to the capital reserve. The book value of long-term equity investments shall be reduced accordingly to the Group's share of profits or cash dividends distributed by the investee when the distribution is declared.

The unrealized 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 in the Company's financial statements are recognized. In preparing the consolidated financial statements, for the portion of unrealized gains and losses on internal transactions attributable to the Group arising from downstream transactions in which the Group invests in or sells assets to the investee, the Group shall offset the portion of unrealized revenues and costs or gains or losses on the disposal of assets attributable to the Group on the basis of offsetting in the financial statements of the Company and shall adjust the investment income accordingly. For the portion of unrealized gains and losses on internal transactions attributable to the Group arising from countercurrent transactions in which the investee invests in or sells assets to the Group, the Group shall, on the basis of the offsetting in the financial statements of the Company, offset the portion of unrealized gains and losses on internal transactions attributable to the Group included in the book value of the relevant assets, and adjust the book value of long-term equity investments accordingly. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealized loss is not eliminated.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

11. Long-term equity investments (Continued)

(3) Basis for determining the existence of control, joint control, or significant influence over investees

The control principle sets out the following three elements of control, power over the investee, exposure, or rights, to variable returns from involvement with the investee, and the ability to use power over the investee to affect the amount of those returns.

Joint control is control over an arrangement that is shared in accordance with the relevant agreement and where the relevant activities of the arrangement require the unanimous agreement of the Group and the other participants sharing control before decisions can be made.

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.

(4) Impairment of long-term equity investments

Long-term equity investments in subsidiaries, joint ventures, and associates are recorded at book value by reducing the book value to the recoverable amount when the recoverable amount is lower than the book value (Note III.20).

12. Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for leasing, and buildings that are being constructed or developed for future use for leasing, are initially measured by cost. Subsequent expenditures incurred in relation to an investment property are included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their costs can be reliably measured; otherwise, the expenditures are recognized in profit or loss for the period in which they are incurred.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

12. Investment properties (Continued)

The Group adopts a cost model for subsequent measurement of all investment properties, using the straight-line method and depreciating or amortizing buildings and land use rights based on their estimated useful lives and net residual value rates. The estimated useful lives, net residual values rates, and annual depreciation (amortization) rates of investment properties are shown below:

Type	Period of depreciation (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
Land use rights	50	0.00	2.00
Buildings	50	5.00	1.90

When an investment property is transferred to owner-occupied property, it is reclassified as a fixed asset or intangible asset. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is transferred to investment properties. When conversion occurs, the book value before conversion shall be taken as the entry value after conversion.

The estimated useful lives, estimated net residual values, and depreciation (amortization) method of the investment property are reviewed and adjusted as appropriate at the end of each year.

When an investment property is disposed of or permanently withdrawn from use, and no economic benefits are expected from its disposal, the investment property is derecognized. The amount of disposal of the investment property from sale, transfer, scrapping, or destruction shall be included in the current profit or loss after deducting its book value and relevant taxes and fees.

When the recoverable amount of investment properties is less than the book value, the book value is written down to the recoverable amount (Note III.20).

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Fixed assets

(1) Recognition and initial measurement of fixed assets

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

Fixed assets are recognized 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 reorganization of the Company into a corporation entity are recognized based on the evaluated 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 book value of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss in the period in which they are incurred.

(2) 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 on the adjusted book values over their remaining useful lives.

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

No.	Type	Period of depreciation (years)	Estimated residual value rate (%)	Annual depreciation rate (%)
1	Buildings	5-50	3or5	1.90-19.00
2	Machinery	5-30	3or5	3.23-19.40
3	Transportation equipment	4-15	3or5	6.47-24.25
4	Electronic and office equipment	3-20	3or5	4.75-31.67

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

13. Fixed assets (Continued)

(2) Depreciation methods of fixed assets (Continued)

Mining structures comprise underground and auxiliary tunnels. Depreciation of mining structures is provided using the output 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.

(3) Impairment of fixed assets

When the recoverable amount of a fixed asset is less than the book value, the book value is written down to the recoverable amount (Note III.20).

(4) Disposal of fixed assets

A fixed asset is derecognized 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 book value and related taxes and expenses is recognized in profit or loss for the current period.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. 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 capitalization, 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 the following month. When the recoverable amount of construction in progress is less than the book value, the book value is written down to the recoverable amount (Note III.20).

Construction in progress is transferred to fixed assets when it reaches its intended useable condition, based on the following criteria:

Item	Criteria for carrying forward fixed assets
Buildings	From the date of reaching the intended state of use
Machinery	Complete the installation and commissioning, meet the design requirements and complete trial production

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 acquisition and construction for its intended use commence to be capitalized 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 capitalization of borrowing costs ceases when the asset under acquisition or construction becomes ready for its intended use, the borrowing costs incurred thereafter are recognized in profit or loss for the current period. Capitalization 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 capitalization 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 capitalization period.

For the general borrowings obtained for the acquisition or construction of a qualifying asset, the amount of borrowing costs eligible for capitalization 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 are applied discounted to the initial amount of the borrowings.

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III. 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.

(1) Mining rights

Mining rights are stated at the actual cost. While mining rights acquired by the business combination are recognized at the fair value at the acquisition date, then subsequently are recorded at cost less accumulated amortization and impairment losses. Once the mineral object has been formally mined, the mining rights are amortized on the output method.

(2) Exploration rights

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

(3) Land use rights

Land use rights invested by the share shareholders holders are recognized 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 recognized at the fair value at the acquisition date, then subsequently are recorded at cost less accumulated amortization and impairment losses. Land use rights are amortized on a straight-line basis over the period of the land use rights varying from 10 to 70 years.

(4) Periodical review of useful life and amortization method

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

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

16. Intangible assets (Continued)

(5) Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at the end of the project.

Expenditure on the research phase is recognized in profit or loss in the period in which it is incurred. Expenditure on the development phase is capitalized only if all the following conditions are satisfied:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset, and use or sell it;
- it can be demonstrated how the intangible asset will generate economic benefits;
- there are adequate technical, financial, and other resources to complete the development and the ability to use or sell the intangible asset; and the expenditure attributable to the intangible asset during its development phase can be reliably measured.

Development expenditures that do not meet the above criteria are recognized in profit or loss as incurred. Development expenditures charged to profit or loss in prior periods are not re-recognized as assets in subsequent periods. Expenditures in the development stage that have been capitalized are presented as development expenditures on the balance sheet and are transferred to intangible assets from the date the project reaches its scheduled use.

(6) Impairment of intangible assets

When the recoverable amount of the intangible asset is less than the book value, the book value is written down to the recoverable amount (Note III.20).

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III. 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 studies, and the expenditure arising from expanding existing orebody exploration and improving the orebody productivity.

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

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 their intended use, and are depreciated or amortized over the term of the rights. When the project is aborted, the relevant unrecoverable cost will be written off and recognized in profit or loss when it occurred.

Infill costs incurred after the extraction of the deposit are included in production costs.

18. Goodwill

Goodwill is recognized at the excess of the cost of a business combination 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 recognized as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortized on a straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortization.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

20. Impairment of long-term assets

Fixed assets, construction in progress, right-of-use assets, intangible assets with finite useful lives, investment property measured by cost method, 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 that 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 book value, a provision for impairment and an impairment loss is recognized for the amount by which the asset's book value 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 recognized on an 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 can generate independent cash inflows.

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 book value of goodwill is allocated to the related asset groups or groups of asset groups that 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 book value, the corresponding impairment loss is recognized.

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

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

21. Employee benefits

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

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Employee benefits (Continued)

(1) 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, labor union funds, employee education funds, short-term payable leaves, etc. The Group recognizes short-term employment benefits actually incurred as liabilities in the accounting period in which the employee provides the services and recognizes them in current profit or loss or in the cost of the related assets. Non-monetary benefits are measured at fair value.

(2) Post-employment benefits

Post-employment benefits are classified as defined contribution plans and defined benefit plans. A defined contribution plan is a post-employment benefits plan in which the Group is not obliged to make further payments after paying a certain amount to individual funds. Defined benefit plans are other post-employment benefits plans except for defined contribution plans. During the reporting period, the Group's post-employment benefits mainly include basic pension insurance, unemployment insurance, and enterprise annuity for employees, which are all defined contribution plans.

Basic pension benefits

Employees of the Group participate in the defined contribution pension plan set up and administered by local labor and social security departments. Based on the salaries of the employees, basic pensions are provided monthly according to stipulated proportions, which are paid to local labor and social security institutions. After the employees are retired, the local labor and social security departments have the responsibility to pay basic pension benefits to them. Basic pension benefits are recognized 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.

(3) Termination benefits

Termination benefits are payables when employment is terminated by the Group before the employment contract expires, or compensation is 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 involves the payment of termination benefits.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

21. Employee benefits (Continued)

(4) Cash stock appreciation right

The Group provides cash stock appreciation rights to serving employees who meet certain conditions and are paid according to a predetermined schedule. The Group conducts initial measurement of cash stock appreciation rights liabilities based on the best estimate of the expenditures required to perform relevant current obligations and includes them in current expenses. In the initial measurement, the Group comprehensively considers factors such as employee turnover rate. On the balance sheet date, review the book value of the cash stock appreciation rights liability and make appropriate adjustments to reflect the current best estimate.

22. Share-based payment

(1) Cash-settled share-based payment

The Group's stock appreciation rights plan is a cash-settled share-based payment, which is measured at the fair value of the liabilities assumed by the Group based on the Company's shares. The cash-settled share-based payment shall be exercised only after completing the service within the waiting period and meeting the specified performance conditions. On each balance sheet date of the waiting period, the option shall be based on the best estimate of the vesting situation and shall be borne by the Group in accordance with the fair value of liabilities, the services obtained in the current period are included in costs or expenses, and liabilities are increased accordingly. On each balance sheet date and settlement date before the settlement of the relevant liabilities, the fair value of the liabilities is re-measured, and the changes are included in the current profit and loss.

(2) Basis for recognizing the best estimate for unlockable or exercisable equity instruments

On each balance sheet date of the waiting period, the Group makes the best estimate based on the latest follow-up information such as the change in the number of employees who can be unlocked or vested, and revise the estimated number of equity instruments that can be unlocked or vested. On the unlockable or exercisable date, the final estimated number of unlockable or exercisable equity instruments is consistent with the actual number of unlockable or exercisable equity instruments.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

23. Special payables

Special payables are the special or specific purpose funds that the Group obtained from governments as the owner of the enterprise, which should be included in the special payables when the funds are received. After the completion of the specific project, the expenditure that forms assets is recognized as deferred income according to actual costs. Other expenditures that do not form assets, which need to be handed in or written off, should be written down from the special payables after approval.

24. Dividend distribution

A cash dividend is recognized as a liability for the period in which the dividend is approved by the annual general meeting.

25. Provisions

Certain present obligations are required as a result of events that have already occurred and are recognized as provisions when it is probable that an outflow of economic benefits will result from the performance of the operation and the amount can be measured reliably. Provisions for closure of tailings and environmental restoration are recognized when the Group has a present obligation, an outflow of economic benefits will probably be required to settle the obligation, and the amount of the obligation can be measured reliably. Asset retirement obligations that meet the criteria of provisions are recognized as provisions and the amount recognized 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 recognized 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 considered 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 the passage of time is recognized as interest expense.

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

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

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

26. Revenue recognition

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

(1) Sales of goods

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

27. Safety production costs

Pursuant to Regulation No. [2022]136, "Management Measures of Accrual and Use of Safety Fund of Business Enterprises", issued by the Ministry of Finance and the State Administration of Work Safety, the Group is required to accrue safety production costs. Safety production cost is earmarked for improving the safety of production.

Pursuant to Regulation No. [2010]8, "Accounting Standards for Business Enterprises Interpretation No. 3", issued by the Ministry of Finance on 21 June 2010, enterprises in high-risk industries should accrue safety production costs under China's law and regulation, and safety production cost should be accrued to production costs or current profit or loss, and credited to special reserves. When the Group uses the extracted production safety fees, if it is an expense, it should be directly offset against the special reserves. The safety production costs of the Group that is formed into fixed assets through a collection of construction in progress are recognized as fixed assets when the safety projects are completed and to the expected conditions for use; at the same time, the special reserves are written down through the costs of formed fixed assets, and the same amount is confirmed to accumulated depreciation. For these fixed assets, there will be no further depreciation in the following accounting periods.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

28. Government grants

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

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

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

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

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

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

29. Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences arising between the tax bases of assets and liabilities and their book values (temporary differences). Deferred tax asset is recognized 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 recognized for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognized 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 realized or the liability is settled.

Deferred tax assets are only recognized 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 utilized.

Deferred tax liabilities are recognized for temporary differences arising from investments in subsidiaries, joint ventures, and associates, except where the Group can 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 utilized, the corresponding deferred tax assets are recognized.

Deferred tax assets and deferred tax liabilities that also meet the following conditions are presented net of offsetting amounts:

- the deferred tax assets and liabilities are related to the same taxpayer 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.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Leases

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

The Group as the lessee

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

Right-of-use assets of the Group comprise leased buildings and land use rights. Right-of-use assets are measured initially at cost which comprises the amount of the initial measurement of lease liabilities, any lease payments made at or before the commencement date, and any initial direct costs, less any lease incentives received. If the Group is able to obtain ownership of the leased asset at the end of the lease term with reasonable certainty, depreciation is provided over the remaining useful life of the leased asset; if it cannot be reasonably certain that the ownership of leased assets can be obtained at the end of the lease term, depreciation is provided over the shorter of the lease term and the remaining useful life. When the recoverable amount is less than the book value of the right-of-use asset, the Group writes down the book value to its recoverable amount.

For short-term leases with a lease term not exceeding 12 months and leases of low-value assets with a low brand-new value of a single asset, the Group chooses not to recognize right-of-use assets and lease liabilities and to recognize the related rental expenses in profit or loss or costs of the related assets on a straight-line basis over each period of the lease term.

The Group as the lessor

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

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

30. Leases (Continued)

The Group as the lessor (Continued)

(1) Operating lease

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

When the lease is changed, the Group regards it as a new lease from the effective date of the change and regards the advance receipts or lease receivables related to the lease before the change as the receipts for the new lease.

31. Fair value measurement

The Group measures investments in equity instruments at fair value at each balance sheet date. Fair value is the price that a market participant would receive for selling an asset or pay for transferring a liability in an orderly transaction occurring on the measurement date.

Assets and liabilities that are measured or disclosed at fair value in the financial statements are identified within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that are available at the measurement date; Level 2 inputs are inputs other than level 1 inputs that are directly or indirectly observable for the related assets or liabilities; and level 3 inputs are unobservable inputs for the underlying assets or liabilities.

The fair value of financial instruments traded in an active market is determined at the quoted market price, and for financial instruments that are not traded in an active market, the Group determines the fair value using valuation techniques and the valuation models used are mainly discounted cash flow models. The inputs to the valuation technique consist mainly of the risk-free rate, credit premium, and liquidity premium for debt and the valuation multiplier and liquidity discount for equity.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

31. Fair value measurement (Continued)

The fair value of Level 3 is determined based on the Group's valuation models, such as discounted cash flow models. The Group also considers the initial transaction price, recent transactions in identical or similar financial instruments, or full third-party transactions in comparable financial instruments. As at 30 June 2024, Level 3 financial assets measured at fair value are valued using significant unobservable inputs such as discount rates, but the fair value is not materially sensitive to reasonable changes in these significant unobservable inputs.

The Group uses the net asset value at the balance sheet date to determine the fair value of unlisted equity investments.

At each balance sheet date, the Group reassesses the assets and liabilities recognized in the financial statements that are continuously measured at fair value to determine whether a transition between the fair value measurement hierarchy has occurred.

32. Segment information

The Group determines operating segments based on its internal organizational structure, management requirements, and internal reporting system, and determines reporting segments and discloses segment information based on operating segments.

An operating segment is a component of the Group that also meets the following conditions: (1) the component is capable of generating income and incurring expenses in the ordinary course of its activities; (2) the Group's management is able to periodically evaluate the operating results of the component in order to decide on the allocation of resources to it and evaluate its performance; (3) the Group has access to accounting information on the financial position, operating results and cash flows of the component. Two or more operating segments may be combined into one operating segment if they have similar economic characteristics and meet certain conditions.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Significant accounting estimates and judgments

The Group continuously evaluates critical accounting estimates and critical judgments used, based on historical experience and other factors, including reasonable expectations of future events.

(1) Critical judgments in applying accounting policies

1) *Classification of financial assets*

The significant judgments involved in determining the classification of the Group's financial assets include, among others, analyses of business models and contractual cash flow characteristics.

The Group determines the business model for managing financial assets at the portfolio level, taking into account factors such as the manner in which the performance of the financial assets is evaluated and reported to key management personnel, the risks affecting the performance of the financial assets and the manner in which they are managed, and the manner in which the management of the underlying business is remunerated.

The following key judgments exist when the Group assesses whether the contractual cash flows of a financial asset are consistent with the underlying lending arrangement: whether it is probable that the principal amount will change in time distribution or amount over the life of the asset, for example, as a result of early repayment; and whether the interest rate includes only the time value of money, credit risk, other fundamental borrowing risks, and considerations for costs and profits. For example, whether the amount of the early repayment reflects only the outstanding principal and interest based on the unpaid principal, as well as reasonable compensation paid for early termination of the contract.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Significant accounting estimates and judgments (Continued)

(1) Critical judgments in applying accounting policies (Continued)

2) Judgment of significant increase in credit risk

In distinguishing different stages in which the financial instruments are held, the Group's judgments of significant increases in credit risk and credit impairments are set out below:

The Group's main criteria for determining a significant increase in credit risk are the overdue days exceeding 180 days, or significant changes in one or more of the following indicators: the operating environment in which the debtor operates, internal or external credit ratings, actual or expected results of operations, or significant decreases in the value of the guarantee or the credit rating of the guarantor.

The Group's main criteria for determining that credit impairment has occurred are that the overdue days are more than 360 days (i.e., a default has occurred) or that one or more of the following conditions have been met: the debtor is experiencing significant financial difficulty, other debt restructuring, or it is probable that the debtor will be insolvent, among other things.

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Significant accounting estimates and judgments (Continued)

(2) Critical accounting estimates and their key assumptions

The following critical accounting estimates and key assumptions have a significant risk of causing a material adjustment to the book value of assets and liabilities in the next accounting year:

1) *Accounting estimates for provision for impairment of non-current assets*

When the Group performs impairment tests on fixed assets, construction in progress, land use rights, mining rights and prospecting rights for which there are indications of impairment, when the results of the impairment tests indicate that the recoverable amount of an asset is less than its book value, a provision for impairment is made for the difference and the difference is recognized as an asset impairment loss. The recoverable amount is the higher of the asset's fair value less costs of disposal and the present value of the asset's estimated future cash flows. The calculation of the recoverable amount requires the application of accounting estimates (Note V.15).

If management revises the growth rates used in the calculation of future cash flows of an asset group and the revised rates are lower than those currently used, the Group needs to increase the provision for impairment for fixed assets.

If management revises the gross profit margins used in the calculation of future cash flows of an asset group and the revised margins are lower than those currently used, the Group needs to increase the provision for impairment for fixed assets.

If management revises the discount rates used for discounting cash flows and the revised rates are higher than those currently used, the Group needs to increase the provision for impairment of fixed assets.

The Group cannot reverse the recognized impairment loss on fixed assets if the actual growth rate and gross profit margin had been higher or the actual discount rate had been lower than management's estimate.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Significant accounting estimates and judgments (Continued)

(2) Critical accounting estimates and their key assumptions (Continued)

2) Accounting estimates on impairment of goodwill

The Group tests goodwill for impairment annually. The recoverable amount of a group of assets or a portfolio of asset groups containing goodwill is the higher of the fair value of the group of assets or portfolio of groups of assets, less costs of disposal, and the present value of its estimated future cash flows, which is calculated using accounting estimates (Note V.16).

As at 30 June 2024, the Group determined the recoverable amount of goodwill arising from the acquisitions of Xinjiang Yakesi Resources Development Co., Ltd. (hereinafter referred to as Xinjiang Yakesi) and Hami Jubao Resources Development Co., Ltd. (hereinafter referred to as Hami Jubao) by using the present value of the estimated future cash flows. The growth rates, gross profit margins, and discount rates used in the projected future cash flows are also subject to uncertainty due to the uncertainty of future production volumes, prices, costs, and other parameters as a result of technological improvements, changes in policies, and economic conditions.

Management revises the growth rate used in the calculation of future cash flows for an asset group or a portfolio of asset groups, and if the revised growth rate is lower than the one currently used, the Group is required to increase the provision for impairment for goodwill.

If management revises the gross profit margins used in the calculation of future cash flows for an asset group or a portfolio of asset groups and the revised gross profit margins are lower than the ones currently used, the Group is required to increase the provision for impairment for goodwill.

The Group cannot reverse the impairment loss on goodwill originally provided if the actual growth rate and gross profit margin are higher or the actual discount rate is lower than management's estimate.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Significant accounting estimates and judgments (Continued)

(2) Critical accounting estimates and their key assumptions (Continued)

3) *Income taxes*

The Group pays corporate income tax in multiple jurisdictions. In ordinary operating activities, uncertainty exists in the ultimate tax treatment of certain transactions and events. Significant judgment is required when the Group is accounting for income tax expenses in each region. If the final determination of these tax matters results in a difference from the amounts initially recorded, the difference will affect the amount of income tax expense and deferred income tax in the period in which such final determination is made.

In accordance with the accounting policies described in Note III.29, the Group prepares profit forecasts on an annual basis and recognizes corresponding deferred tax assets in respect of the deductible losses and deductible temporary differences that can be set off against taxable income in subsequent years in accordance with the provisions of the tax law.

The estimation of deferred tax assets requires the estimation of taxable income and applicable tax rates for each subsequent year, and the realization of deferred tax assets depends on whether it is probable that the Group will generate sufficient taxable income in the future. Future changes in tax rates and the timing of reversal of temporary differences may also affect income tax expense as well as the balance of deferred income taxes. Changes in the above estimates could result in significant adjustments to deferred income taxes.

As at 30 June 2024, the Group recognized a total of RMB61,840,282.49 in deferred income tax assets. As mentioned in Note V.19.4, as at 30 June 2024, the Group has unrecognized deductible losses amounting to RMB43,888,330.72. Deferred income tax assets have also not been recognized by these companies as they are in a loss-making position and it is highly uncertain whether it is probable that sufficient taxable income will be available to offset the losses in future periods or it is more likely than not that the losses will be approved by the Revenue Department. If the future taxable income of these companies is more or less than currently expected, or if the losses are approved by the Revenue Department, the Group will be required to further recognize or reverse the deferred tax assets.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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(Unless indicated otherwise, all amounts are expressed in RMB)

III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

33. Significant accounting estimates and judgments (Continued)

(2) Critical accounting estimates and their key assumptions (Continued)

4) *Useful life of fixed assets and intangible assets*

The management of the Group determines the estimated useful lives, the related depreciation, and the amortization of fixed assets and intangible assets. The estimate is calculated based on past experiences of the actual useful lives of fixed assets and intangible assets of similar nature and function and may change significantly due to technological innovations and competitors' responses to severe industry cycles. If the useful life is shorter than previously estimated, the management will re-estimate the useful life.

5) *Mineral reserves*

Given the subjective judgement involved in the preparation of information on mineral reserves, it is not possible to achieve a high degree of precision in the technical estimation of the Group's mineral reserves, which can only be estimated to approximate figures.

The Group is required to follow a number of authoritative guidelines on technical standards before an estimated mineral reserve can be identified as "proven" and "probable". Estimates of proven and probable reserves are updated regularly, and recent production and technical data from individual mines are taken into account. In addition, estimates of proven and probable mineral reserves are subject to change as prices and costs change from year to year. For accounting purposes, these changes are treated as changes in accounting estimates and are reflected in the relevant depreciation rates on a prospective basis.

Despite the inherent limitations of these reserve estimation techniques, these estimates are used to determine depreciation expense and impairment losses. Depreciation rates are determined on the basis of proven developed economically mineable reserves at the end of the period and current mine ore production. The capitalized cost of mining structures is amortized over the non-ferrous units produced.

6) *Measurement of expected credit losses*

The Group calculates expected credit losses by using default exposures and expected credit loss rates, and determines the expected credit loss rate based on the probability of default and the default loss rate. In determining the expected credit loss rate, the Group uses data such as internal historical credit loss experience and adjusts the historical data for current conditions and forward-looking information.

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III. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (CONTINUED)

34. Significant changes in accounting policies and accounting estimates

(1) Significant changes in accounting policies

The Group had no significant changes in accounting policies.

(2) Significant changes in accounting estimates

The Group had no significant changes in accounting estimates.

IV. TAXATION

The principal categories and tax rates applicable to the Group are presented below:

Tax category	Basis for taxation	Tax rate/
		Levy rate/Tax amount
Value-added tax (VAT)	Taxable value-added amount (except for the simplified taxation, the taxable amount is calculated using the taxable sales amount multiplied by the effective tax rate less deductible input tax of the current period)	5%, 6%, 9%, 13%
Resource tax	Sales volume of taxable resource products	4%; 8%
City maintenance and construction tax	Turnover tax payable	5%; 1%
Education surcharge	Turnover tax payable	3%
Local education surcharge	Turnover tax payable	2%
Property tax	Taxable residual value, taxable rental income	1.2%; 12%
Land use tax	Actual area of land in use	RMB12/m ² , RMB4.2/m ² , RMB1.5/m ² , RMB1.05/m ²
Environmental protection tax	Emissions from different items	RMB1.2/unit of pollution equivalent
Corporate income tax	Taxable income	15%, 20%, 25%

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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IV. TAXATION (CONTINUED)

Descriptions of taxpayers with different corporate income tax rates:

Name of taxpayer	Income tax rate
Xinjiang Xinxin Mining Industry Co., Ltd.	15%
Xinjiang Yakesi Resources Development Co., Ltd.	15%
Hami Jubao Resources Development Co., Ltd.	15%
Xinjiang Kalatongke Mining Co., Ltd.	15%
Xinjiang Mengxi Mining Industry Co., Ltd.	20%
Xinjiang Zhongxin Mining Co., Ltd.	15%
Beijing Xinding Shunze High Technology Co., Ltd.	25%
Shaanxi Xinxin Mining Co., Ltd.	25%

1. Corporate income tax

- (1) The Company is a high-tech enterprise in Xinjiang Uygur Autonomous Region. On 1 December 2020, it obtained the certificate of high-tech enterprise jointly issued by the Science & Technology Department of Xinjiang Uygur Autonomous Region, the Department of Finance of Xinjiang Uygur Autonomous Region, and the Xinjiang Autonomous Region Tax Service, State Taxation Administration. The certificate number is GR202065000296, and the validity period is three years. On 16 October 2023, we renewed the certificate of high-tech enterprise jointly issued by the above organisations. The certificate number is GR202365000012, and the validity period is three years. Previously, the Company obtained the certifying document of encouraged industry stating that its business is within the catalogue of encouraged industries from the Economic and Information Commission of Xinjiang Uygur Autonomous Region (2023: 15%).
- (2) Xinjiang Yakesi, a subsidiary of the Company, obtained the certifying document that its business is within the catalogue of encouraged industries from the Economic and Information Commission 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 2024 (2023: 15%).
- (3) Hami Jubao, a subsidiary of the Company, obtained the certifying document that its business is within the catalogue of encouraged industries from the Economic and Information Commission 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 2024 (2023: 15%).
- (4) Xinjiang Kalatongke Mining Co., Ltd. (hereafter "Kalatongke Mining"), a subsidiary of the Company, obtained the certifying document that its business is within the catalogue of encouraged industries from the Economic and Information Commission 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 2024 (2023: 15%).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

IV. TAXATION (CONTINUED)

1. Corporate income tax (Continued)

- (5) Xinjiang Mengxi Mining Industry Co., Ltd. (hereinafter referred to as Mengxi Mining), a subsidiary of the Company, is subject to a reduced rate of 25% of the annual taxable income and a corporate income tax at a rate of 20% (2023: 20%) in accordance with the State Taxation Administration Announcement No. 8 of 2021: small low-profit enterprises with an annual taxable income not exceeding RMB1 million.
- (6) Xinjiang Zhongxin Mining Co., Ltd. (hereinafter referred to as Zhongxin Mining), a subsidiary of the Company, is a high-tech enterprise in Xinjiang Uygur Autonomous Region. On 25 November 2021, it obtained the certificate of high-tech enterprise jointly issued by the Science & Technology Department of Xinjiang Uygur Autonomous Region, the Department of Finance of Xinjiang Uygur Autonomous Region, and the Xinjiang Autonomous Region Tax Service, State Taxation Administration. The certificate number is GR2021165000397, and the validity period is three years. Zhongxin Mining enjoyed this tax incentive policy to calculate and pay corporate income tax at the rate of 15% for the six months ended 30 June 2024. (2023: 15%)
- (7) Shanghai sales branch and other subsidiaries of the Company, including Beijing Xinding Shunze High Technology Co., Ltd. (hereafter "Beijing Xinding") and Shaanxi Xinxin Mining Co., Ltd. (hereafter "Shaanxi Xinxin"), the applicable corporate income tax rate for six months ended 30 June 2024 is 25% (2023: 25%).

2. Value added tax (VAT)

Pursuant to the Announcement on Relevant Policies for Deepening the Reform of Value-added Tax (Announcement No. 39 [2019] of the Ministry of Finance, the State Taxation Administration, the General Administration of Customs) and related regulations promulgated by the Ministry of Finance, the State Taxation Administration, the General Administration of Customs, with effect from 1 April 2019, the VAT output tax rates applicable to the Group's major product sales business and the leasing business are 13% and 9%, respectively. The simplified levy rate is 5%.

Input VAT paid on purchases of raw materials, fuel, power, equipment, etc. is deductible against output VAT. Value-added tax payable is equal to the output VAT less deductible input VAT of the current period.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

IV. TAXATION (CONTINUED)

3. Resource tax

Pursuant to the Decision of the Standing Committee of the People's Congress of the Xinjiang Uygur Autonomous Region on the Specific Applicable Tax Rate, Method of Taxation, and Measures for Tax Reduction and Exemption on Resource Tax of the Autonomous Region, the mixed concentrates of the Kalatongke Mining are subject to the resource tax at a rate of 4% of the sales amount of the consumption of the taxable products deemed to be sold, and the massive rich ores are subject to the resource tax at a rate of 8% of the sales amount of the consumption of the taxable products deemed to be sold. Xinjiang Yakesi and Hami Jubao pay resource tax at the rate of 4% on the sales of taxable products for which sales proceeds are received and for which sales proceeds are documented.

4. Environmental protection tax

According to the Notice on Issues Relating to Environmental Protection Tax (Cai Shui [2018] No. 23), since 1 January 2018, Kalatongke Mining, Xinjiang Yakesi, Hami Jubao, Zhongxin Mining, and Fukang Smelter have been paying environmental protection tax based on the number of pollution equivalents (kg/day) translated from pollutant emissions at RMB1.2/pollution equivalent.

5. Land use tax

The Group's subsidiary, Kalaketong Mining, part of its land in use is exempted from land use tax in accordance with the Notice of the State Taxation Administration on Issues Concerning the Taxation and Exemption of Land Use Tax for Mining Enterprises (Guo Shui Di Zi[1989]No. 122): "Land use tax shall be exempted for land used for the safety zones of the mining site, the discharge site, the tailings storage, the explosives storage, the road for transporting mine and rocks in the mining area, and the land used for tailings conveying pipelines and the water return system of the mines. The collapsed land caused by mining enterprises extracting underground mines, as well as the land occupied by barren mountains, shall be temporarily exempted from land use tax until it is utilized".

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash at bank and on hand

Item	30 June 2024	31 December 2023
Cash at bank	660,106,535.67	553,829,081.81
Total	660,106,535.67	553,829,081.81

Restricted cash at bank and on hand

Item	30 June 2024	31 December 2023
Deposits for bank acceptance notes	17,500,000.00	63,808,475.72
Fund for mine environment remediation and restoration	7,224,346.61	6,173,974.81
ETC guarantee	15,800.00	12,000.00
Funds subject to restrictions on use due to freezing	—	43,969.29
Dedicated accounts and public call deposits	87,892.61	87,892.61
Total	24,828,039.22	70,126,312.43

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2. Financial assets held for trading

Item	30 June 2024	31 December 2023
Financial assets measured at fair value through profit or loss	—	11,000,000.00
Including: structured deposits	—	11,000,000.00
Total	—	11,000,000.00

3. Notes receivable

(1) Notes receivable presented by category

Item	30 June 2024	31 December 2023
Bank acceptances notes	24,340,097.38	9,785,954.00
Commercial acceptances notes	813,311.28	—
Total	25,153,408.66	9,785,954.00

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Notes receivable (Continued)

(2) Presentation by bad debt accrual method

Type	Book Balance Amount	30 June 2024		Provision for bad debt Amount	Accrual ratio (%)	Book value
		Ratio (%)				
Bad debt provision by portfolio	25,166,297.38	100.00	12,888.72	0.05		25,153,408.66
Including: Bank acceptances notes	24,340,097.38	96.72	–	–		24,340,097.38
Commercial acceptances notes	826,200.00	3.28	12,888.72	1.56		813,311.28
Total	25,166,297.38	100.00	12,888.72	0.05		25,153,408.66

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Notes receivable (Continued)

(2) Presentation by bad debt accrual method (Continued)

31 December 2023					
Type	Book balance Amount	Ratio (%)	Provision for bad debt Amount	Accrual ratio (%)	Book value
Bad debt provision by portfolio	9,785,954.00	100.00	–	–	9,785,954.00
Including: Bank					
acceptances					
notes	9,785,954.00	100.00	–	–	9,785,954.00
Commercial					
acceptances					
notes	–	–	–	–	–
Total	9,785,954.00	100.00	–	–	9,785,954.00

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Notes receivable (Continued)

(3) Provisions for bad debts on notes receivable accrued, recovered and reversed

As at 30 June 2024, the Group considers that the bank acceptance notes held within this portfolio do not have significant credit risk and therefore no provision for bad debts has been made for bank acceptance notes.

(4) Pledged notes receivable as at 30 June 2024

As at 30 June 2024, the Company had no pledged notes receivable presented as notes receivable.

(5) Notes receivable endorsed or discounted but not yet due as at 30 June 2024

Item	Amounts derecognized	Amounts not derecognized
Bank acceptances notes	—	16,638,026.38
Commercial acceptances notes	—	—
Total	—	16,638,026.38

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

3. Notes receivable (Continued)

(6) Notes receivable actually written off

The Group does not have any notes receivable actually written off as at 30 June 2024.

(7) Aging of notes receivable

As at 30 June 2024, the aging of the Group's notes receivable were all within 365 days.

4. Accounts receivable

Item	30 June 2024	31 December 2023
Accounts receivable	41,227,563.59	137,079,515.46
Less: Provision for bad debts	4,939,941.45	6,878,015.34
Book value	36,287,622.14	130,201,500.12

The majority of the Group's sales are on credit together with a credit period of no more than 180 days.

(1) Accounts receivable presented according to their aging at the date of accounting

Aging	30 June 2024	31 December 2023
Within 1 year (including 1 year)	33,463,631.48	130,702,701.35
1-2 years	3,612,184.88	459,944.88
2-3 years	157,815.75	310,050.12
3-4 years	—	559,164.12
4-5 years	249,114.00	310,050.12-
Over 5 years	3,744,817.48	4,737,604.87
Total	41,227,563.59	137,079,515.46

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(2) Presentation of accounts receivable by bad debt accrual method

The Group measures the loss allowance for accounts receivable, regardless of whether there is a significant financing component, based on lifetime expected credit losses.

Type	30 June 2024				
	Book Balance Amount	Ratio (%)	Bad debt provision Amount	Accrual ratio (%)	Book value
Bad debt provision on an individual basis	6,305,666.28	15.29	630,566.63	10.00	5,675,099.65
Bad debt provision by portfolio	34,921,897.31	84.71	4,309,374.82	12.34	30,612,522.49
Including: Receivables from related party customers	733,915.29	2.10	84,209.32	11.47	649,705.97
Receivables from non-related party customers	34,187,982.02	97.90	4,225,165.50	12.36	29,962,816.52
Total	41,227,563.59	100.00	4,939,941.45	11.98	36,287,622.14

(Continued)

Type	31 December 2023				
	Book balance Amount	Ratio (%)	Bad debt provision Amount	Accrual ratio (%)	Book value
Bad debt provision on an individual basis	6,612,184.88	4.82	661,218.49	10.00	5,950,966.39
Bad debt provision by portfolio	130,467,330.58	95.18	6,216,796.85	4.77	124,250,533.73
Including: Receivables from related party customers	2,597,760.99	1.90	1,815,640.29	69.89	782,120.70
Receivables from non-related party customers	127,869,569.59	93.28	4,401,156.56	3.44	123,468,413.03
Total	137,079,515.46	100.00	6,878,015.34	5.02	130,201,500.12

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(2) Presentation of accounts receivable by bad debt accrual method (Continued)

1) Bad debt provision for accounts receivable on an individual basis

Name	31 December 2023		30 June 2024			
	Book Balance	Bad debt provision	Book Balance	Bad debt provision	Accrual ratio (%)	Reason for accrual
Beijing Yuanhang TianHui Zhizaogu Technology Industry Co., Ltd.	6,612,184.88	661,218.49	6,305,666.28	630,566.63	10.00	Poor performance and decline in repayment capacity
Total	6,612,184.88	661,218.49	6,305,666.28	630,566.63	-	-

2) Bad debt provision for accounts receivable by portfolio

Portfolio – Related party customers:

Aging	30 June 2024		Bad debt provision
	Book Balance	Lifetime expected credit loss rate (%)	
Not overdue	-	-	-
1-6 months overdue	-	-	-
7-18 months overdue	733,915.29	11.47%	84,209.32
More than 18 months overdue	-	-	-
Total	733,915.29	11.47%	84,209.32

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL (CONTINUED)

4. Accounts receivable (Continued)

(2) Presentation of accounts receivable by bad debt accrual method (Continued)

2) Bad debt provision for accounts receivable by portfolio (Continued)

Portfolio – Related party customers: (Continued)

(Continued)

Aging	Book balance	31 December 2023 Lifetime expected credit loss rate (%)	Bad debt provision
Not overdue	372,694.12	11.47	42,750.52
1-6 months overdue	–	–	–
7-18 months overdue	310,050.12	37.69	116,857.89
More than 18 months overdue	1,915,016.75	86.48	1,656,031.88
Total	2,597,760.99	69.89	1,815,640.29

Portfolio – Non-related party customers:

Aging	Book Balance	30 June 2024 Lifetime expected credit loss rate (%)	Bad debt provision
Not overdue	123,717,822.35	0.25	309,024.41
1-6 months overdue	–	–	–
7-18 months overdue	–	–	–
More than 18 months overdue	4,151,747.24	99.99	4,151,236.48
Total	34,187,982.02	12.36	4,225,165.50

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(2) Presentation of accounts receivable by bad debt accrual method (Continued)

2) Bad debt provision for accounts receivable by portfolio (Continued)

Portfolio – Related party customers: (Continued)

(Continued)

Aging	Book Balance	31 December 2023 Lifetime expected credit loss rate (%)	Bad debt provision
Not overdue	123,717,822.35	0.25	309,024.41
1-6 months overdue	—	—	—
7-18 months overdue	149,894.76	60.23	90,279.67
More than 18 months overdue	4,001,852.48	100.00	4,001,852.48
Total	127,869,569.59	3.44	4,401,156.56

(3) Provisions for bad debts on accounts receivable accrued, recovered, and reversed during the period

Type	31 December 2023	Changes in current period				30 June 2024
		Accrual	Recovery or reversal	Charge-off or write-offs	Others	
Bad debt provision on an individual basis	661,218.49	-30,651.86	—	—	—	630,566.63
Bad debt provision by portfolio	6,216,796.85	-1,907,422.03	—	—	—	4,309,374.82
Total	6,878,015.34	-1,938,073.89	—	—	—	4,939,941.45

(4) Accounts receivable actually written off during the period

The Group has no write-offs of accounts receivable during this period.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

4. Accounts receivable (Continued)

(5) Accounts receivable pledged

As at 30 June 2024 and 31 December 2023, the Group had no accounts receivable pledged to banks as security for obtaining loans.

(6) Accounts receivable with top five closing balances by debtors as at 30 June 2024

Name of the organization	Closing balance of accounts receivable	Ratio of the total closing balance of accounts receivable	Closing balance of bad debt provision for accounts receivable
Total accounts receivable with top five balances	36,782,780.39	89.22%	2,255,426.73

5. Financing receivables

(1) Financing receivables by category

Item	30 June 2024	31 December 2023
Notes receivable	257,489,302.93	119,680,583.62
Total	257,489,302.93	119,680,583.62

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Financing receivables (Continued)

(2) Presentation of financing receivables by bad debt accrual method

Type	30 June 2024				
	Book Balance Amount	Ratio (%)	Bad debt provision Amount	Accrual ratio (%)	Book value
Bad debt provision by portfolio	257,489,302.93	100.00	—	—	257,489,302.93
Including: Bank					
acceptances					
notes	257,489,302.93	100.00	—	—	257,489,302.93
Commercial					
acceptances					
notes	—	—	—	—	—
Total	257,489,302.93	100.00	—	—	257,489,302.93

Type	31 December 2023				
	Book balance Amount	Ratio (%)	Bad debt provision Amount	Accrual ratio (%)	Book value
Bad debt provision by portfolio	119,680,583.62	100.00	—	—	119,680,583.62
Including: Bank					
acceptances					
notes	119,680,583.62	100.00	—	—	119,680,583.62
Commercial					
acceptances					
notes	—	—	—	—	—
Total	119,680,583.62	100.00	—	—	119,680,583.62

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

5. Financing receivables (Continued)

(3) Provisions for bad debts on financing receivables accrued, recovered, and reversed during the period

As at 30 June 2024, all the financing receivables held by the Group were bank acceptance notes. The Group considers that the bank acceptance notes held within this portfolio do not have significant credit risk and therefore no provision for bad debts has been made for bank acceptance notes.

(4) Pledged financing receivables as at 30 June 2024

As at 30 June 2024, the Company had no pledged notes receivable presented as financing receivables.

(5) Financing receivables endorsed or discounted as at 30 June 2024 and not yet due at the balance sheet date

Item	30 June 2024	31 December 2023
Bank acceptances notes	237,413,086.97	390,185,612.54
Total	237,413,086.97	390,185,612.54

(6) Financing receivables actually written off during the period

The Group does not have financing receivables actually written off during the period

6. Other receivables

Item	30 June 2024	31 December 2023
Other receivables	22,393,720.09	14,503,432.54
Total	22,393,720.09	14,503,432.54

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

6.1 Other receivables

(1) Other receivables categorized by nature of payment

Nature of payment	30 June 2024	31 December 2023
Receivables from related parties	674,830.56	9,400,219.56
Social Security advances receivable	3,206,261.84	491,159.49
Margin	16,347,634.00	76,293.64
Others	5,232,863.47	7,668,286.10
Less: Provision for bad debts	3,067,869.78	3,132,526.25
Total	22,393,720.09	14,503,432.54

(2) Other receivables presented by aging

Aging	30 June 2024	31 December 2023
Within 1 year (including 1 year)	21,726,572.35	4,374,719.78
1-2 years	1,012,712.71	1,107,522.50
2-3 years	66,000.00	532,126.79
3-4 years	254,987.30	288,704.30
4-5 years	179,243.00	13,260.41
Over 5 years	2,222,074.51	11,319,625.01
Total	25,461,589.87	17,635,958.79

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

6.1 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method

Type	30 June 2024				
	Book Balance Amount	Ratio (%)	Bad debt provision Amount	Accrual ratio (%)	Book value
Bad debt provision on an individual basis	1,845,241.20	7.25	1,845,241.20	100.00	–
Bad debt provision by portfolio	23,616,348.67	92.75	1,222,628.58	5.18	22,393,720.09
Including: Related party portfolio	691,330.56	2.93	17,731.58	2.56	673,598.98
Unrelated party portfolio	22,925,018.11	97.07	1,204,897.00	5.26	21,720,121.11
Total	25,461,589.87	100.00	3,067,869.78	12.05	22,393,720.09

(Continued)

Type	31 December 2023				
	Book balance Amount	Ratio (%)	Bad debt provision Amount	Accrual ratio (%)	Book value
Bad debt provision on an individual basis	10,985,661.40	62.29	2,217,424.86	20.18	8,768,236.54
Bad debt provision by portfolio	6,650,297.39	37.71	915,101.39	13.76	5,735,196.00
Including: related party portfolio	1,264,220.17	19.01	156,126.47	12.35	1,108,093.70
Unrelated party portfolio	5,386,077.22	80.99	758,974.92	14.09	4,627,102.30
Total	17,635,958.79	100.00	3,132,526.25	17.76	14,503,432.54

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

6.1 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method (Continued)

1) Bad debt provision for other receivables on an individual basis

Name	31 December 2023		30 June 2024			
	Book Balance	Bad debt provision	Book Balance	Bad debt provision	Accrual ratio (%)	Reason of accrual
Beijing Donglin Huamao Technology Co., Ltd.	625,935.00	625,935.00	625,935.00	625,935.00	100.00	The Company believes there is a risk of recovery
Qingdao Jieneng High & New Technology Co., Ltd.	84,000.00	84,000.00	84,000.00	84,000.00	100.00	The Company believes there is a risk of recovery
Shanghai Ganjiang Electromechanical Co., Ltd.	75,100.00	75,100.00	75,100.00	75,100.00	100.00	The Company believes there is a risk of recovery
Tongling Nonferrous Metals Holding Tongguan Mining and Metallurgy Equipment Co., Ltd.	73,430.39	73,430.39	73,430.39	73,430.39	100.00	As the enterprise has been cancelled, the Company believes that the investment is difficult to recover, so bad debt provision has been made in full
Urumqi Lushengyuan Trading Co., Ltd.	59,660.00	59,660.00	59,660.00	59,660.00	100.00	As the enterprise has been cancelled, the Company believes that the investment is difficult to recover, so bad debt provision has been made in full
Urumqi Economic and Technological Development Zone Lean Electronic Repair Department	63,200.00	63,200.00	63,200.00	63,200.00	100.00	As the enterprise has been cancelled, the Company believes that the investment is difficult to recover, so bad debt provision has been made in full
Xinjiang Tedian Trading Co., Ltd.	900.00	900.00	900.00	900.00	100.00	As the enterprise has been cancelled, the Company believes that the investment is difficult to recover, so bad debt provision has been made in full
Urumqi Runtianyuan Environmental Testing Co., Ltd.	71,000.00	71,000.00	71,000.00	71,000.00	100.00	The Company believes there is a risk of recovery

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

6.1 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method (Continued)

1) Bad debt provision for other receivables on an individual basis

Name	31 December 2023		30 June 2024			
	Book Balance	Bad debt provision	Book Balance	Bad debt provision	Accrual ratio (%)	Reason of accrual
Fuyun Hongzhi Coking Co., Ltd.	629,827.80	629,827.80	629,827.80	629,827.80	100.00	As the enterprise has been cancelled, the Company believes that the investment is difficult to recover, so bad debt provision has been made in full
Xinjiang Shanggao Valve Co., Ltd.	6,344.01	6,344.01	6,344.01	6,344.01	100.00	As the enterprise has been cancelled, the Company believes that the investment is difficult to recover, so bad debt provision has been made in full
Ewirgol mine (Xinjiang Coking Coal (Group) Duty Limited Company).	155,844.00	155,844.00	155,844.00	155,844.00	100.00	As the enterprise has been cancelled, the Company believes that the investment is difficult to recover, so bad debt provision has been made in full
Hami Jinhui Real Estate Development Co., Ltd.	9,140,420.20	372,183.66	-	-	-	-
Total	10,985,661.40	2,217,424.86	1,845,241.20	1,845,241.20	100.00	

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

6.1 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method (Continued)

2) Bad debt provision for other receivables by portfolio

Aging	30 June 2024		
	Book Balance	Bad debt provision	Accrual ratio (%)
Within 1 year (including 1 year)	21,726,572.35	553,001.17	2.55
1-2 years	1,012,712.71	83,516.36	8.25
2-3 years	66,000.00	24,269.56	36.77
3-4 years	254,987.30	64,601.89	25.34
4-5 years	179,243.00	120,406.29	67.17
Over 5 years	376,833.31	376,833.31	100.00
Total	23,616,348.67	1,222,628.58	5.18

(Continued)

Aging	31 December 2023		Accrual ratio (%)
	Book Balance	Bad debt provision	
Within 1 year (including 1 year)	4,374,719.78	93,577.05	2.14
1-2 years	1,107,522.50	82,593.84	7.46
2-3 years	515,280.79	216,512.00	42.02
3-4 years	288,704.30	163,936.41	56.78
4-5 years	13,260.41	7,672.48	57.86
Over 5 years	350,809.61	350,809.61	100.00
Total	6,650,297.39	915,101.39	13.76

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

6.1 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method (Continued)

3) Bad debt provision for other receivables by the general model of expected credit losses

	Stage 1	Stage 2	Stage 3	
	Expected credit	Lifetime	Lifetime	
	loss over the	expected	expected	
	next 12 months	credit loss	credit loss	
Bad debt provision		(not credit	(credit-impaired)	Total
		impaired)		
Balance as at 1 January 2024	1,287,285.05	-	1,845,241.20	3,132,526.25
Balance in current period as at 1 January 2024	-	-	-	-
Transferred to Stage 2	-	-	-	-
Transferred to Stage 3	-	-	-	-
Transferred back to Stage 2	-	-	-	-
Transferred back to Stage 1	-	-	-	-
Accrual during this period	-64,656.47	-	-	-64,656.47
Reversal in current period	-	-	-	-
Charge-offs in current period	-	-	-	-
Write-offs in current period	-	-	-	-
Other changes	-	-	-	-
Balance as at 30 June 2023	1,222,628.58	-	1,845,241.20	3,067,869.78

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

6. Other receivables (Continued)

6.1 Other receivables (Continued)

(4) As at 30 June 2024, provisions for bad debts on other receivables accrued, recovered, and reversed.

Type	31 December 2023	Changes in current period			30 June 2024
		Accrual	Recovery or reversal	Charge-offs	
Bad debt provision on an individual basis	2,217,424.86	-372,183.66	-	1,845,241.20	1,845,241.20
Bad debt provision by portfolio	915,101.39	307,527.19	-	-	1,222,628.58
Total	3,132,526.25	-64,656.47	-	-	3,067,869.78

(5) Other receivables actually written off during the period

The Group does not have other receivables written off during the period.

(6) As at 30 June 2024, other receivables with top five closing balances by debtors

Name of The organization	Nature of payment	Closing balance	Aging	Ratio of the total closing balance of other receivables (%)	Bad debt provision
Xinjiang Uygur Autonomous Region Administrative Services and Public Resources Transaction Centre	Margin	15,000,000.00	Within 1 year	58.91	408,773.00
Xinjiang Meihua Amino Acid Co., Ltd.	Margin	1,000,000.00	1-2 year	3.93	82,593.01
Fuyun Hongzhi Coking Co., Ltd.	Suspense accounts receivable	629,827.80	Over 5 years	2.47	629,827.80
Beijing Donglin Huamao suspense Technology Co., Ltd.	Suspense accounts receivable	625,935.00	Over 5 years	2.46	625,935.00
Fuyun County Natural Resources Bureau	Others	454,340.88	Within 1 year	1.78	9,301.92
Total	-	17,710,103.68	-	69.55	1,756,430.73

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

7. Advances to suppliers

(1) Ageing of advances to suppliers

Item	30 June 2024		31 December 2023	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	18,479,243.39	61.76	24,230,065.94	90.76
1-2 years	9,620,507.76	32.16	136,553.12	0.51
2-3 years	381,546.43	1.28	620,738.86	2.33
Over 3 years	1,435,173.00	4.80	1,707,218.60	6.40
Total	29,916,470.58	100.00	26,694,576.52	100.00

Note: As at 30 June 2024, advances to suppliers aged over one year amounted to RMB11,437,227.19 (31 December 2023: RMB2,464,510.58), which were mainly advances to suppliers for material purchases, which had not yet been settled as the goods purchased had not yet arrived.

(2) As at 30 June 2024, advances to suppliers with top five closing balances by advances to supplier recipients

	Closing balance	Ratio of the total closing balance of advances to suppliers (%)
Total prepayments with top-five balances	16,113,429.38	53.86

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

8. Inventories

(1) Classification of inventories

Item	30 June 2024			31 December 2023		
	Book Balance	Provision for the decline in value of inventories	Book value	Book Balance	Provision for the decline in value of inventories	Book value
Raw materials	105,053,831.65	12,924,161.29	92,129,670.36	149,954,700.58	6,878,465.43	143,076,235.15
Work in progress	253,869,002.21	–	253,869,002.21	161,192,925.31	–	161,192,925.31
Self-made semi-finished goods	389,146,789.09	–	389,146,789.09	623,242,230.27	–	623,242,230.27
Finished goods	439,534,755.89	14,924,043.09	424,610,712.80	379,160,192.19	22,092,242.72	357,067,949.47
Total	1,187,604,378.84	27,848,204.38	1,159,756,174.46	1,313,550,048.35	28,970,708.15	1,284,579,340.20

(2) Loss allowance on the decline in value of inventories

Item	31 December 2023	Increase during the period		Decrease during the period		30 June 2024
		Accrual	Others	Charge-off	Others	
Raw materials	6,878,465.43	6,045,695.86	–	–	–	12,924,161.29
Finished goods	22,092,242.72	4,756,901.77	–	11,925,101.40	–	14,924,043.09
Total	28,970,708.15	10,802,597.63	–	11,925,101.40	–	27,848,204.38

Note: The Group's inventories are measured at the lower of cost and net realizable value to determine net realizable value. Net realizable value is the estimated selling price of inventories in ordinary activities, less costs to be incurred to completion, estimated selling expenses, and related taxes. The provision for the decline in the value of inventories for finished goods was charged off during the period because they were sold.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

9. Other current assets

Item	30 June 2024	31 December 2023
Input tax to be deducted	564,389.05	1,963,585.98
Input tax to be verified	5,103,654.73	4,925,113.32
Prepaid income tax	4,813,498.19	6,735,180.00
Prepaid VAT	—	119,704.02
Prepaid property tax	178,527.87	—
Total	10,660,069.84	13,743,583.32

10. Long-term equity investments

Item	30 June 2024	31 December 2023
Investments in joint ventures	197,843,221.86	186,085,773.69
Subtotal	197,843,221.86	186,085,773.69
Less: Provision for impairment for long-term equity investments	—	—
Total	197,843,221.86	186,085,773.69

Note: The Group's investees are unlisted companies and there are no significant restrictions on the realization of long-term equity investments.

(1) Breakdown of long-term equity investments

Item	31 December 2023 (Book value)	Net profit or loss adjusted using the equity method	Other changes in equity	Offset of unrealized profits in internal trading	Provision for impairment	30 June 2024 (Book value)	Closing balance of Provision for impairment
Hexin Mining	186,085,773.69	194,774.95	478,823.53	11,083,849.69	—	197,843,221.86	—
Total	186,085,773.69	194,774.95	478,823.53	11,083,849.69	—	197,843,221.86	—

Note: The place of incorporation and principal place of business of Hexin Mining is in the PRC. Hexin Mining is one of the major suppliers of raw materials to the Group, which is strategically important to ensure the supply of raw materials to the Group.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

11. Investment properties

(1) Investment properties using the cost model

Item	Houses and buildings	Land use rights	Total
I. Original book value			
1. 31 December 2023	190,992,566.70	68,551,732.40	259,544,299.10
2. Increase during the period	1,856,057.12	–	1,856,057.12
(1) External purchase	–	–	–
(2) Transfer-in from fixed assets	1,856,057.12	–	1,856,057.12
3. Decrease during the period	–	–	–
(1) Disposal	–	–	–
(2) Others transfers-out	–	–	–
4. 30 June 2024	192,848,623.82	68,551,732.40	261,400,356.22
II. Accumulated depreciation and accumulated amortization			
1. 31 December 2023	18,956,818.81	16,452,415.96	35,409,234.77
2. Increase during the period	2,333,353.26	685,517.34	3,018,870.60
(1) Accrual or amortization	1,851,544.47	685,517.34	2,537,061.81
(2) Transfers-in from fixed assets	481,808.79	–	481,808.79
3. Decrease during the period	–	–	–
4. 30 June 2024	21,290,172.07	17,137,933.30	38,428,105.37
III. Book value			
1. 30 June 2024	171,558,451.75	51,413,799.10	222,972,250.85
2. 31 December 2023	172,035,747.89	52,099,316.44	224,135,064.33

The amount of depreciation and amortisation charged on investment properties during the six months ended 30 June 2024 was RMB2,537,061.81 (six months ended 30 June 2023: RMB2,382,337.44).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets

Item	30 June 2024	31 December 2023
Fixed assets	3,484,266,897.39	3,566,561,729.62
Fixed assets clean-up	168,944.35	168,944.35
Total	3,484,435,841.74	3,566,730,673.97

12.1 Fixed assets

(1) State of fixed assets

Item	Buildings	Shaft and alley structures	Machinery	Transportation equipment	Electronic and office equipment	Total
I. Original book value						
1. 31 December 2023	2,068,654,990.51	2,026,175,670.30	1,899,598,503.31	45,824,105.12	126,799,926.39	6,167,053,195.63
2. Increase during the period	10,707,825.62	-	32,126,239.00	892,176.43	6,985,382.02	50,711,623.07
(1) Purchase	264,774.20	-	24,325,300.44	892,176.43	5,188,884.30	30,671,135.37
(2) Transfer-in from construction in progress	10,654,491.42	-	7,800,938.56	-	1,585,057.72	20,040,487.70
(3) Others	-211,440.00	-	-	-	211,440.00	-
3. Decrease during the period	4,954,376.55	-	12,879,622.86	1,389,587.28	1,100,932.45	20,324,519.14
(1) Disposal or scrapping	2,364,374.48	-	12,879,622.86	1,389,587.28	1,100,932.45	17,734,517.07
(2) Transfer to investment properties	1,856,057.12	-	-	-	-	1,856,057.12
(3) Others	733,944.95	-	-	-	-	733,944.95
4. 30 June 2024	2,074,408,439.58	2,026,175,670.30	1,918,845,119.45	45,326,694.27	132,684,375.96	6,197,440,299.56

II. Accumulated depreciation						
1. 31 December 2023	751,303,899.66	470,101,830.39	1,194,849,367.68	28,931,197.55	83,423,653.64	2,528,609,948.92
2. Increase during the period	30,921,062.99	38,976,290.55	50,211,905.90	1,645,872.78	6,815,144.23	128,570,276.45
(1) Accrual	27,412,971.32	38,976,290.55	50,211,905.90	1,645,872.78	6,815,144.23	125,062,184.78
(2) Others	3,508,091.67	-	-	-	-	3,508,091.67

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets (Continued)

12.1 Fixed assets (Continued)

(1) State of fixed assets (Continued)

Item	Buildings	Shaft and alley structures	Machinery	Transportation equipment	Electronic and office equipment	Total
3. Decrease during the – period	2,362,394.92	–	11,525,838.40	1,350,775.99	649,330.98	15,888,340.29
(1) Disposal or scrapping	1,880,586.13	–	11,525,838.40	1,350,775.99	649,330.98	15,406,531.50
(2) Transfer to investment properties	481,808.79	–	–	–	–	481,808.79
4. 30 June 2024	779,862,567.73	509,078,120.94	1,233,535,435.18	29,226,294.34	89,589,466.89	2,641,291,885.08

III. Provision for impairment

1. 31 December 2023	38,119,351.70	–	33,737,028.20	–	25,137.19	71,881,517.09
2. Increase during the period	–	–	–	–	–	–
(1) Accrual	–	–	–	–	–	–
3. Decrease during the period	–	–	–	–	–	–
4. 30 June 2024	38,119,351.70	–	33,737,028.20	–	25,137.19	71,881,517.09

IV. Book value

1. 30 June 2024	1,256,426,520.15	1,517,097,549.36	651,572,656.07	16,100,399.93	43,069,771.88	3,484,266,897.39
2. 31 December 2023	1,279,231,739.15	1,556,073,839.91	671,012,107.43	16,892,907.57	43,351,135.56	3,566,561,729.62

Note: The amount of depreciation charged on fixed assets for the six months ended 30 June 2024 was RMB125,062,184.78 (six months ended 30 June 2023: RMB142,589,688.62), of which the depreciation expenses charged to operating costs, administrative expenses, selling expenses and research and development expenses were RMB113,592,343.22, RMB10,331,075.60, RMB16,102.83 and RMB1,122,663.13, respectively (six months ended 30 June 2023: RMB134,076,453.28, RMB8,467,090.08, RMB34,760.58 and RMB11,384.68 respectively).

The original cost transferred from construction in progress to fixed assets is RMB20,040,487.70 (six months ended 30 June 2023: RMB12,156,528.30).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets (Continued)

12.1 Fixed assets (Continued)

(2) Temporarily idle fixed assets

As at 30 June 2024, fixed assets with a book value of RMB2,705,922.18 (original price: RMB51,256,691.54) (31 December 2023: RMB2,705,922.18, original price: RMB51,256,691.54) were temporarily idled due to expansion and renovation of production lines, as analyzed below:

Item	Original book value	Accumulated depreciation	Book value
Buildings	19,138,972.96	18,172,187.82	966,785.14
Machinery	24,893,069.78	23,515,165.24	1,377,904.54
Office and electronic equipment	7,224,648.80	6,863,416.30	361,232.50
Total	51,256,691.54	48,550,769.36	2,705,922.18

(3) Fixed assets with pending certificates of ownership

On 30 June 2024, the book value of RMB74,242,272.59 of buildings were in the process of applying the property ownership certificates. The Group's management believes that there is no substantial difficulty in obtaining the property ownership certificate, and there is no significant adverse effect on the Group's operation.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

12. Fixed assets (Continued)

12.2 Fixed Assets Clean-up

Item	30 June 2024	31 December 2023
Buildings	7,614.50	7,614.50
Machinery	96,168.96	96,168.96
Transportation equipment	40,985.46	40,985.46
Office and other equipment	24,175.43	24,175.43
Total	168,944.35	168,944.35

13. Construction in progress

Item	30 June 2024	31 December 2023
Construction in progress	460,835,092.37	438,516,248.15
Total	460,835,092.37	438,516,248.15

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (Continued)

(1) Details of construction in progress

Item	30 June 2024			31 December 2023		
	Book Balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Fukang Smelter						
Expansion of 20,000 tons of electrolytic nickel project	-	-	-	2,979,586.57	-	2,979,586.57
Expansion of the pressurized plant	1,111,111.11	-	1,111,111.11	1,111,111.11	-	1,111,111.11
Installation of Nickel Electrode Processing Unit and Nickel Packaging Unit	1,700,000.00	-	1,700,000.00	1,700,000.00	-	1,700,000.00
Drainage pipe network renovation project	-	-	-	247,808.61	-	247,808.61
Cobalt workshop degreasing project	4,434,014.99	-	4,434,014.99	4,434,014.99	-	4,434,014.99
Beryllium copper alloy project	821,474.08	-	821,474.08	821,474.08	-	821,474.08
6.3kv line reconstruction	8,786,633.11	-	8,786,633.11	8,786,633.11	-	8,786,633.11
Cobalt workshop extraction plant, grinding mine automation control	8,164,236.38	-	8,164,236.38	8,164,236.38	-	8,164,236.38
Wastewater treatment design and development project	21,677,259.70	-	21,677,259.70	20,801,957.97	-	20,801,957.97
High-efficiency environmental protection electrolysis tank application technology transformation	2,321,080.01	-	2,321,080.01	2,273,190.34	-	2,273,190.34
Energy control platform project	3,509,855.57	-	3,509,855.57	3,509,855.57	-	3,509,855.57
Acid production flue gas denitrification project	1,212,030.39	-	1,212,030.39	1,212,030.39	-	1,212,030.39
Sulfur-based nickel and cobalt slag multicomponent deep separation and extraction key technology and engineering demonstration project	23,603,537.34	-	23,603,537.34	22,209,399.33	-	22,209,399.33
Intelligent Acid-Generating Device Purchase and Installation Project	422,123.92	-	422,123.92	422,123.92	-	422,123.92
Plant internal power pipeline corridor and lighting circuit reconstruction	2,580,344.64	-	2,580,344.64	722,346.85	-	722,346.85
Network Upgrading Project	-	-	-	759,226.53	-	759,226.53
Safety Risk Monitoring and Early Warning System	397,703.08	-	397,703.08	397,703.08	-	397,703.08
Oxygen Pressure Added Medium Pressure Air Standby System	343,699.36	-	343,699.36	343,699.36	-	343,699.36
Road Maintenance Project	10,651,010.51	-	10,651,010.51	8,568,186.05	-	8,568,186.05
Pressurized Pump Upgrade Project	2,638,539.89	-	2,638,539.89	-	-	-
Other Projects	3,395,134.25	-	3,395,134.25	808,554.61	-	808,554.61
Subtotal of the Company	97,769,788.33	-	97,769,788.33	90,273,138.85	-	90,273,138.85

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (Continued)

(1) Details of construction in progress (Continued)

Item	30 June 2024			31 December 2023		
	Book Balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Subsidiaries						
Kalatongke Mining						
Industrial Area Plant Maintenance Project	636,605.19	—	636,605.19	1,981,121.73	—	1,981,121.73
New Construction and Maintenance	7,272,968.07	—	7,272,968.07	7,438,757.06	—	7,438,757.06
Ventilation System Optimization	—	—	—	1,076,654.86	—	1,076,654.86
Fugitive flue gas desulfurization project	—	—	—	7,925,978.65	—	7,925,978.65
Staff Canteen Project	—	—	—	4,730,349.69	—	4,730,349.69
Fuyun County Living Base	79,259,012.17	—	79,259,012.17	78,426,928.17	—	78,426,928.17
Ramp No. 1 Surface Renewal and Reconstruction Project	2,730,451.93	—	2,730,451.93	1,609,733.53	—	1,609,733.53
Park Construction Project	935,309.46	—	935,309.46	935,309.46	—	935,309.46
Concentration Pond Project	1,506,953.51	—	1,506,953.51	815,971.09	—	815,971.09
Video Surveillance System	526,468.77	—	526,468.77	626,468.77	—	626,468.77
Mining Filling System Technology Upgrading Project	4,206,879.84	—	4,206,879.84	4,206,879.84	—	4,206,879.84
Ventilation System Optimization	1,798,188.68	—	1,798,188.68			
Staff Locker Room Construction Project	1,064,405.45	—	1,064,405.45	1,040,030.87	—	1,040,030.87
Gawur Tailings Depot Drainage System Project	1,193,476.19	—	1,193,476.19	1,110,907.38	—	1,110,907.38
Optimization and Upgrading of Six Systems EPC Project	—	—	—	949,589.10	—	949,589.10
Technological Improvement of Depletion Furnace	—	—	—	489,088.00	—	489,088.00
Smelting plant sewage treatment system EPC project	3,113,556.96	—	3,113,556.96	3,113,556.96	—	3,113,556.96
Beryllium copper alloy project	1,733,084.68	—	1,733,084.68	1,733,084.68	—	1,733,084.68
Water jacket flow monitoring system	1,923,451.31	—	1,923,451.31	1,923,451.31	—	1,923,451.31
Mining Optimization 3D Mining Software	1,564,070.80	—	1,564,070.80	1,564,070.80	—	1,564,070.80
Hazardous Waste Storage Facility Construction Project	3,725,386.62	—	3,725,386.62	3,712,690.94	—	3,712,690.94
Mining Post-construction Project	469,811.31	—	469,811.31	469,811.31	—	469,811.31
1# Shaft Maintenance Project	1,642,194.97	—	1,642,194.97	1,642,194.97	—	1,642,194.97
Slag dump seepage control project	207,547.17	—	207,547.17	207,547.17	—	207,547.17
Production Expansion Project	8,697,224.82	—	8,697,224.82	—	—	—
9# Fill Hole Project	684,330.27	—	684,330.27	—	—	—
Other Projects	15,388,206.58	—	15,388,206.58	7,250,034.62	—	7,250,034.62

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (Continued)

(1) Details of construction in progress (Continued)

Item	30 June 2024			31 December 2023		
	Book Balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Xinjiang Yakesi						
Huangshan West Mine Mining Project	104,140,470.18	–	104,140,470.18	94,572,284.56	–	94,572,284.56
Other Projects	–	–	–	667,459.43	–	667,459.43
Hami Jubao						
Huangshan East No. 12 Mine Technical Reform Project	116,611,176.11	–	116,611,176.11	115,989,081.35	–	115,989,081.35
Shaanxi Xinxin						
Mine Exploration Project	2,034,073.00	–	2,034,073.00	2,034,073.00	–	2,034,073.00
Subtotal of Subsidiaries	363,065,304.04	–	363,065,304.04	348,243,109.30	–	348,243,109.30
Total	460,835,092.37	–	460,835,092.37	438,516,248.15	–	438,516,248.15

(2) Changes in significant construction in progress projects during the period

Project name	31 December 2023	Increase during the period	Decrease during the period Transfer to fixed assets	Other decreases	30 June 2024
Huangshan West Mine Mining Project	94,572,284.56	9,896,966.96	328,781.34		104,140,470.18
Huangshan East No. 12 Mine Technical Reform Project	115,989,081.35	622,094.76	–	–	116,611,176.11
Fuyun County Living Base	78,426,928.17	832,084.00	–	–	79,259,012.17
Wastewater treatment design and development project	20,801,957.97	875,301.73	–	–	21,677,259.70
High-efficiency environmental protection electrolysis tank application technology transformation	2,273,190.34	47,889.67	–	–	2,321,080.01
Total	312,063,442.39	12,274,337.12	328,781.34		324,008,998.17

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13. Construction in progress (Continued)

(2) Changes in significant construction in progress projects during the period (Continued)

Project name	Budget	Engineering inputs as a percentage of the budget (%)	Progress of works (%)	Accumulative amount of interest capitalized	Including: Amount of interest capitalized during the period	Interest capitalization rate for the period (%)	Source of funds
Huangshan West Mine Mining Project	1,185,673,185.74	97.70	97.70	-	-	-	Self-raised
Huangshan East No. 12 Mine Technical Reform Project	177,312,100.00	65.77	65.77	-	-	-	Self-raised
Fuyun County Living Base	142,755,100.00	55.52	55.52	-	-	-	Self-raised
Wastewater treatment design and development project	150,297,100.00	14.42	14.42	-	-	-	Self-raised
High-efficiency environmental protection electrolysis tank application technology transformation	111,597,100.00	2.08	2.08	-	-	-	Self-raised
Total	1,767,634,585.74	-	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14. Right-of-use assets

Item	Buildings	Land use rights	Total
I. Original book value			
1. 31 December 2023	3,697,175.19	–	3,697,175.19
2. Increase during the period	–	–	–
3. Decrease during the period	–	–	–
(1) Disposal	–	–	–
4. 30 June 2024	3,697,175.19	–	3,697,175.19
II. Accumulated depreciation			
1. 31 December 2023	2,358,555.88	–	2,358,555.88
2. Increase during the period	669,309.66	–	669,309.66
(1) Accrual	669,309.66	–	669,309.66
3. Decrease during the period	–	–	–
(1) Disposal	–	–	–
4. 30 June 2024	3,027,865.54	–	3,027,865.54
III. Book value			
1. 30 June 2024	669,309.65	–	669,309.65
2. 31 December 2023	1,338,619.31	–	1,338,619.31

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets

(1) List of intangible assets

Item	Land use rights	Exploration rights	Mining rights	Others	Total
I. Original book value					
1. 31 December 2023	182,448,986.33	208,153,000.00	1,212,621,629.76	7,521,625.37	1,610,745,241.46
2. Increase during the period	837,499.67	–	–	62,222.41	899,722.08
(1) Purchase	837,499.67	–	–	62,222.41	899,722.08
3. Decrease during the period	–	–	–	–	–
(1) Disposal	–	–	–	–	–
4. 30 June 2024	183,286,486.00	208,153,000.00	1,212,621,629.76	7,583,847.78	1,611,644,963.54
II. Accumulated amortization					
1. 31 December 2023	52,791,888.55	–	293,662,037.97	4,695,770.01	351,149,696.53
2. Increase for the period	1,804,160.09	–	11,915,627.25	400,724.29	14,120,511.63
(1) Accrual	1,804,160.09	–	11,915,627.25	400,724.29	14,120,511.63
3. 30 June 2024	54,596,048.64	–	305,577,665.22	5,096,494.30	365,270,208.16
III. Provision for impairment					
1. 31 December 2023	–	135,543,621.45	–	–	135,543,621.45
2. Increase for the period	–	31,754,162.97	–	–	31,754,162.97
(1) Accrual	–	31,754,162.97	–	–	31,754,162.97
3. 30 June 2024	–	167,297,784.42	–	–	167,297,784.42
IV. Book value					
1. 30 June 2024	128,690,437.36	40,855,215.58	907,043,964.54	2,487,353.48	1,079,076,970.96
2. 31 December 2023	129,657,097.78	72,609,378.55	918,959,591.79	2,825,855.36	1,124,051,923.48

Note: The amortization amount of intangible assets was RMB14,120,511.63 for the period ended 30 June 2024 (For the period ended 30 June 2023: RMB23,039,671.07).

Intangible assets generated from the Company's internal research and development accounted for 0.00% of the balance of intangible assets at the end of the period.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets (Continued)

(1) List of intangible assets (Continued)

The exploration rights owned by the Group were obtained from the acquisition of the Shaanxi Xinxin Xianghe Street Vanadium Mine and the Mujahe Vanadium Mine in 2011. As of 30 June 2024, the exploration rights of Xianghe Street Vanadium Mine and Mujahe Vanadium Mine had expired. The exploration rights of Mujahe Vanadium Mine have been applied for retention that have been approved by the Shangnan County Natural Resources Bureau (Shangnan Natural Resources Letter [2023] No. 307). The Group is still applying to extend the validity period of the exploration rights of Xianghe Street Vanadium Mine and Mujahe Vanadium Mine, and as of the date of this report, the relevant procedures have not been approved.

(2) Land use rights with pending certificates of ownership

As of 30 June 2024, the land with a book value of RMB23,443,520.37 was 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 certificates described above, and no significant adverse effect would be exerted on the Group's operation.

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

15. Intangible assets (Continued)

(3) Impairment testing of intangible assets

The recoverable amount is determined as the present value of the estimated future cash flows.

Item	Book value	Recoverable amount	Impairment amount	Length of the estimation period	Key parameters for the estimation period	Key parameters for the stability period	Basis for determining Key parameters for the stability period
Mujiahe exploration rights	37,940,004.17	28,753,003.42	9,187,000.75	28.46 years	Revenue growth rate 0%, profit margin 7.54%, discount rate 8.00%	Revenue growth rate 0%, profit margin 7.54%, discount rate 8.00%	Revenue growth rate is 0% for the stability period, and the profit margin and discount rate are the same as those of the estimation period.
Xianghe Street exploration rights	34,669,374.38	12,102,212.16	22,567,162.22	25.19 years	Revenue growth rate 0%, profit margin 8.05%, discount rate 8.35%	Revenue growth rate 0%, profit margin 8.05%, discount rate 8.35%	Revenue growth rate is 0% for the stability period, and the profit margin and discount rate are the same as those of the estimation period.
Total	72,609,378.55	40,855,215.58	31,754,162.97	-	-	-	-

Due to the price fluctuation of goods, there are signs of impairment, and the Group conducts impairment testing of the above-mentioned exploration rights as an asset group. In the impairment test, the recoverable amount is determined by the higher of the present value of future cash flows and the fair value of the assets minus disposal costs, and a provision of RMB 31,754,162.97 is made for the impairment of intangible assets.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Goodwill

(1) Original value of goodwill

Name of the investee or the matter resulting in goodwill	31 December 2023	Increase during the period	Decrease during the period	30 June 2024
Zhongxin Mining	17,844,894.10	-	-	17,844,894.10
Xinjiang Yakesi and Hami Jubao	9,987,911.01	-	-	9,987,911.01
Shaanxi Xinxin	254,745.09	-	-	254,745.09
Total	28,087,550.20	-	-	28,087,550.20

(2) Provision for impairment of goodwill

Name of the investee or the matter resulting in goodwill	31 December 2023	Increase during the period	Decrease during the period	30 June 2024
Zhongxin Mining	17,844,894.10	-	-	17,844,894.10
Xinjiang Yakesi and Hami Jubao	-	-	-	-
Shaanxi Xinxin	254,745.09	-	-	254,745.09
Total	18,099,639.19	-	-	18,099,639.19

(3) Information about the asset group or portfolio of asset groups to which goodwill belongs

All of the Group's goodwill arose when the equity interests in the above companies were acquired. Each company was recognized as an asset group. The asset group to which the goodwill belongs at the end of the period was consistent with the asset group determined at the purchase date and during the impairment tests of goodwill in previous years.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

16. Goodwill (Continued)

(4) Specific method for determining the recoverable amount

The recoverable amount is determined as the present value of the estimated future cash flows.

Item	Book value	Recoverable amount	Impairment amount	Length of the estimation period	Key parameters for the estimation period	Key parameters for the stability period	Basis for determining key parameters for the stability period
Xinjiang Yakesi and Hami Jubao	2,474,838,816.79	2,905,678,439.85	-	From 2024 to 2026	Revenue growth rate 2%, gross margin 41.14%, discount rate 12.2%	Revenue growth rate 2%, gross margin 47.67%, discount rate 12.2%	Revenue growth rate 2% for the stability period, and the gross margin and discount rate is the same as those of the final year of the estimation period.
Total	2,474,838,816.79	2,905,678,439.85	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

17. Provision for impairment of assets and losses

Item	31 December 2023	Increase during the period	Decrease during the period – Reversal	Charge-offs	30 June 2024
Bad debt provision for notes receivable		12,888.72	–		12,888.72
Bad debt provision for accounts receivable	6,878,015.34	-1,938,073.89	–	–	4,939,941.45
Including: Bad debt provision on an individual basis	661,218.49	-30,651.86	–	–	630,566.63
Bad debt provision by portfolio	6,216,796.85	-1,907,422.03	–	–	4,309,374.82
Bad debt provision for other receivables	3,132,526.25	-64,656.47	–	–	3,067,869.78
Including: Bad debt provision on an individual basis	2,217,424.86	-372,183.66	–	–	1,845,241.20
Bad debt provision by portfolio	915,101.39	307,527.19	–	–	1,222,628.58
Provision for the decline in value of inventories	28,970,708.15	10,802,597.63	–	11,925,101.40	27,848,204.38
Provision for impairment of fixed assets	71,881,517.09	–	–	–	71,881,517.09
Provision for impairment of intangible assets	135,543,621.45	31,754,162.97	–	–	167,297,784.42
Provision for impairment of goodwill	18,099,639.19	–	–	–	18,099,639.19
Total	264,506,027.47	40,566,918.96		11,925,101.40	293,147,845.03

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

18. Long-term prepaid expenses

Item	31 December 2023	Increase during the period	Amortization in current period	Other decreases in current period	30 June 2024
Expenditure on improvement of fixed assets under operating leases	2,344,603.51	–	321,084.18	–	2,023,519.33
Total	2,344,603.51	–	321,084.18	–	2,023,519.33

19. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets without offsetting

Item	30 June 2024		31 December 2023	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for asset impairment	258,606,050.27	26,751,358.12	187,483,202.84	28,122,480.43
Unrealized profits in internal trading	67,112,372.04	16,778,093.01	183,697,556.87	27,554,633.53
Changes in fair value of derivative financial instruments	–	–	48,976,869.63	7,346,530.44
Deferred income	24,322,134.69	3,648,320.21	25,181,706.32	3,777,255.95
Equity incentive	433,016.01	64,952.41	127,080.50	19,062.08
Depreciation of right-of-use assets	33,474.57	5,021.19	33,474.57	5,021.19
Depreciation of fixed assets	30,128,380.23	4,519,257.03	30,498,439.27	4,574,765.89
Mineral royalty	83,617,348.33	12,542,602.25	87,791,870.34	13,168,780.55
Provisions for environment remediation and restoration	129,648,268.87	19,447,240.34	127,078,113.86	19,061,717.09
Deductible losses	47,252,615.27	7,087,892.29	101,794,606.45	15,269,190.97
Total	641,153,660.28	90,844,736.85	792,662,920.65	118,899,438.12

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred tax assets and deferred tax liabilities (Continued)

(2) Deferred tax liabilities without offsetting

Item	30 June 2024		31 December 2023	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Asset valuation appreciation of business combinations not under common control	321,687,076.84	80,421,769.21	593,315,448.67	88,997,317.30
Depreciation of fixed assets	29,076,508.86	4,361,476.33	30,119,831.48	4,517,974.72
Amortization of intangible assets	13,862,671.17	2,079,400.68	6,325,919.40	948,887.92
Long-term payables	45,662,959.29	6,849,443.89	58,420,882.86	8,763,132.42
Provisions for environment remediation and restoration	108,164,613.93	16,224,692.10	110,623,714.90	16,593,557.24
Total	518,453,830.09	109,936,782.21	798,805,797.31	119,820,869.60

Note: Deferred tax liabilities mainly represented the differences between the fair values and tax bases of the mining rights and exploration rights of the acquired companies in business combinations not under common control, fixed assets, mining rights, and land use rights.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19. Deferred tax assets and deferred tax liabilities (Continued)

(3) Deferred tax assets or liabilities presented as the net amount after offsetting

Item	30 June 2024		31 December 2023	
	Offset amount	Deferred tax assets or liabilities after offsetting	Offset amount	Deferred tax assets or liabilities after offsetting
Deferred tax assets	29,004,454.36	61,840,282.49	30,640,451.03	88,258,987.09
Deferred tax liabilities	29,006,387.67	80,930,394.54	30,640,451.03	89,180,418.57

(4) List of unrecognized deferred tax assets

Item	30 June 2024	31 December 2023
Deductible temporary differences	7,085,505.91	1,069,924.80
Deductible losses	43,888,330.72	46,975,048.80
Total	50,973,836.63	48,044,973.60

(5) Deductible losses that are not recognized as deferred tax assets will fall due in the following years:

Year	30 June 2024	31 December 2023
2024	—	13,161,700.75
2025	11,182,452.27	11,182,452.27
2026	12,048,226.32	12,048,226.32
2027	9,040,311.81	9,040,311.81
2028	4,254,519.50	1,542,357.65
2029	7,362,820.82	—
Total	43,888,330.72	46,975,048.80

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

20. Other non-current assets

Item	30 June 2024		
	Book Balance	Provision for impairment	Book value
Prepayment of power charges	12,035,265.42	–	12,035,265.42
Estimated long-term asset payments	9,595,209.70	–	9,595,209.70
Total	21,630,475.12	–	21,630,475.12

Item	31 December 2023		
	Book balance	Provision for impairment	Book value
Prepayment of power charges	12,035,265.42	–	12,035,265.42
Total	12,035,265.42	–	12,035,265.42

Note: Prepayment of power charges represents utilities prepaid by Xinjiang Yakesi to offset power expenses that will be incurred in subsequent years.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

21. Assets with restricted ownership or use

Item	1 January 2024			
	Book Balance	Book value	Type of restriction	Specific restrictions
Cash at bank and on hand	24,828,039.22	24,828,039.22	Guarantee	Deposits for bank acceptance notes, and environmental restoration and production safety deposits
Total	24,828,039.22	24,828,039.22	–	–

Item	30 June 2024			
	Book balance	Book value	Type of restriction	Specific restrictions
Cash at bank and on hand	70,126,312.43	70,126,312.43	Guarantee	Deposits for bank acceptance notes, and environmental restoration and production safety deposits
Total	70,126,312.43	70,126,312.43	–	–

22. Short-term borrowings

Type of borrowings	30 June 2024	31 December 2023
Credit loans	200,000,000.00	200,000,000.00
Total	200,000,000.00	200,000,000.00

Note: As at 30 June 2024, the interest rate on credit loans was 2.90% (31 December 2023: 3.00%).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

23. Financial liabilities held for trading

Item	30 June 2024	31 December 2023
Financial liabilities held for trading	–	48,976,869.63
Including: Derivative financial liabilities	–	48,976,869.63
Total	–	48,976,869.63

Note: Derivative financial liabilities refer to liabilities arising from changes in fair value of derivative financial instruments – metal trading contracts.

24. Notes payable

Type of notes	30 June 2024	31 December 2023
Bank acceptances notes	51,026,761.09	224,100,000.00
Total	51,026,761.09	224,100,000.00

Note: By the end of the period, the aging of the Group's notes payable described above were all within 365 days.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

25. Accounts payable

(1) Accounts payable presented by nature of payment

Item	30 June 2024	31 December 2023
Payable for purchase of materials	214,228,017.62	229,117,304.31
Payable for purchase of services	47,975,692.15	63,933,010.05
Transportation fee payable	6,364,289.62	6,872,187.79
Others	675,196.63	2,140,125.67
Total	269,243,196.02	302,062,627.82

(2) Accounts payable presented by aging

Item	30 June 2024	31 December 2023
Within 1 year	208,475,561.98	263,446,171.17
1-2 years	46,981,923.72	23,114,727.75
2-3 years	5,413,650.63	4,793,518.54
Over 3 years	8,372,059.69	10,708,210.36
Total	269,243,196.02	302,062,627.82

Note: As at 30 June 2024, accounts payable over one year with the amount of RMB60,767,634.04 (31 December 2023: RMB38,616,456.65) were mainly payables for the purchase of materials. The final settlement for the payments has not been performed.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Other payables

Item	30 June 2024	31 December 2023
Interest payable	–	145,444.45
Dividends payable	106,806,305.00	–
Other payables	206,537,249.82	212,064,919.52
Total	313,343,554.82	212,210,363.97

(1) Interest payable

Item	30 June 2024	31 December 2023
Interest on long-term borrowings with interest payable in installments and the principal repaid at maturity	–	145,444.45
Total		145,444.45

(2) Dividends payable

Item	30 June 2024	31 December 2023
Common stock dividends	106,806,305.00	–
Total	106,806,305.00	–

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1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

26. Other payables (Continued)

(3) Other payables

Other payables presented by nature of payment

Nature of payment	30 June 2024	31 December 2023
Payables to related parties	91,648,988.09	97,804,405.62
Engineering payments	54,490,425.39	66,978,125.11
Equipment expenses	19,163,964.63	16,903,578.16
Intermediary fees	2,580,799.07	2,052,664.07
Deposits and margin	19,571,861.71	6,386,661.93
Other payables	19,081,210.93	21,939,484.63
Total	206,537,249.82	212,064,919.52

Note: As at 30 June 2024, other payables over one year with the amount of RMB17,624,043.06 (31 December 2023: RMB38,000,854.95) were mainly payables for engineering payments and equipment expenses. Since the final settlement of the related projects is yet to be completed, the payments have not been settled in full.

27. Advances from customers

Item	30 June 2024	31 December 2023
House rent	362,166.26	—
Property service income	21,977.47	—
Total	384,143.73	—

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

28. Contract liabilities

Item	30 June 2024	31 December 2023
Advances on sales	46,742,582.80	16,763,619.58
Total	46,742,582.80	16,763,619.58

Note: As at 30 June 2024, the balance of the Group's contract liabilities was RMB46,742,582.80, of which RMB16,763,619.58 of the opening book value has been transferred to revenue during the period.

29. Employee benefits payable

(1) Classification of employee benefits payable

Item	31 December 2023	Increase during the period	Decrease during the period	30 June 2024
Short-term employment benefits	120,076,568.92	117,864,776.38	145,967,346.42	91,973,998.88
Post-employment benefits – Defined contribution plan	6,875.61	21,636,241.28	21,634,109.72	9,007.17
Termination benefits	–	741,048.00	–	741,048.00
Other benefits that expire within one year	–	5,369.66	5,369.66	–
Total	120,083,444.53	140,247,435.32	167,606,825.80	92,724,054.05

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

29. Employee benefits payable (Continued)

(2) Short-term employment benefits

Item	31 December 2023	Increase during the period	Decrease during the period	30 June 2024
Salaries, bonuses, allowances and subsidies	110,264,175.19	90,342,620.31	117,579,463.36	83,027,332.14
Staff welfare	—	3,298,123.31	3,075,816.50	222,306.81
Social insurance	3,985.03	9,093,842.95	9,092,509.65	5,318.33
Including: Medical insurance	3,938.77	7,368,623.67	7,367,317.04	5,245.40
Work injury insurance	46.26	1,696,447.55	1,696,420.88	72.93
Others	—	28,771.73	28,771.73	—
Housing provident fund	—	11,011,704.00	11,011,704.00	—
Labor union fund and employee education fund	9,510,749.70	2,400,511.38	3,193,239.48	8,718,021.60
Other short-term employee benefits	297,659.00	1,717,974.43	2,014,613.43	1,020.00
Total	120,076,568.92	117,864,776.38	145,967,346.42	91,973,998.88

(3) Defined contribution plans

Item	31 December 2023	Increase during the period	Decrease during the period	30 June 2024
Basic pension insurance	6,690.25	14,742,694.72	14,740,561.44	8,823.53
Unemployment insurance	185.36	460,543.40	460,545.12	183.64
Enterprise annuity payment	—	6,433,003.16	6,433,003.16	—
Total	6,875.61	21,636,241.28	21,634,109.72	9,007.17

Note: The Group shall pay the pension insurance premiums and unemployment insurance premiums to the relevant agencies every month according to the payment base and proportion stipulated by the local labour and social security department, and the payment shall not be used to offset the amount that the Group shall pay to its employees in the future.

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1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

30. Taxes payable

Item	30 June 2024	31 December 2023
Value-added tax	28,921,332.59	6,365,212.20
Resource tax	8,081,333.02	5,194,638.86
Corporate income tax	16,230,012.69	3,676,700.47
Education surcharge	1,434,800.38	318,199.19
City maintenance and construction tax	1,222,730.84	313,635.33
Individual income tax	229,303.70	157,256.56
Stamp duty	597,519.32	608,583.56
Environmental protection tax	79,721.88	72,342.02
Property tax	5,950.66	32,133.03
Land use tax	75.00	75.00
Total	56,802,780.08	16,738,776.22

31. Non-current liabilities due within one year

Item	30 June 2024	31 December 2023
Long-term borrowings due within one year	151,531,833.33	4,400,000.00
Long-term payables due within one year	40,518,899.86	36,082,354.96
Lease liabilities due within one year	1,399,165.55	1,372,093.89
Total	193,449,898.74	41,854,448.85

32. Other current liabilities

Item	30 June 2024	31 December 2023
Output VAT to be charged off	6,076,535.76	2,179,270.55
Total	6,076,535.76	2,179,270.55

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

33. Long-term borrowings

(1) Classification of long-term borrowings

Type of borrowings	30 June 2024	31 December 2023
Credit loans	566,031,833.33	568,100,000.00
Less: Long-term borrowings due within one year	151,531,833.33	4,400,000.00
Total	414,500,000.00	563,700,000.00

Note: As at 30 June 2024, the interest rate range of long-term borrowings was between 3.20% and 3.70% (31 December 2023: between 3.20% and 4.20%).

34. Lease liabilities

Item	30 June 2024	31 December 2023
Lease liabilities	1,399,165.55	1,372,093.89
Less: Lease liabilities due within one year	1,399,165.55	1,372,093.89
Total	—	—

Note: As at 30 June 2024 and 31 December 2023, the Group had no issue that would result in potential cash outflows in the future and was excluded from lease liabilities.

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1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

35. Long-term payables

Item	30 June 2024	31 December 2023
Long-term payables	333,215,001.96	329,954,279.12
Special payables	3,615,179.68	3,615,179.68
Total	336,830,181.64	333,569,458.80

(1) Long-term payables categorized by nature of payment

Nature of payment	30 June 2024	31 December 2023
Mineral royalty	373,300,885.81	365,909,553.59
Cash stock appreciation right payable	433,016.01	127,080.49
Less: Long-term payables due within one year	40,518,899.86	36,082,354.96
Total	333,215,001.96	329,954,279.12

Note: The Group has included the present value of mineral royalty in the original value of the mining rights of intangible assets (Note V. 15.)

(2) Special payables

Item	31 December 2023	Increase during the period	Decrease during the period	30 June 2024
Maintenance and improvement grant program for the supply of water, electricity, and heating and property management	3,615,179.68	–	–	3,615,179.68
Total	3,615,179.68	–	–	3,615,179.68

36. Long-term Employee benefits payable

Item	30 June 2024	31 December 2023
Termination benefits	1,843,383.71	–
Total	1,843,383.71	–

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

37. Provisions

Item	30 June 2024	31 December 2023	Reasons for Formation
Provision for mine closure and environmental restoration	124,278,084.77	120,468,806.02	See the note on this page
Total	124,278,084.77	120,468,806.02	–

Note: Xinjiang Kalatongke Mining Co., Ltd., Xinjiang Yakesi Resources Development Co., Ltd., and Hami Jubao Resources Development Co., Ltd. recognized the provision for mine closure and environmental restoration with respect to mine closure costs and tailings dam closure costs. The management discounted projected future expenditures to net present value based on prior years' experience and the best estimate of future expenditures required for environmental restoration. This provision may be modified in the future years with the increasingly prominent impact of mining activities on land and the environment. The related mine closure and environmental restoration costs will be reviewed and revised annually as appropriate.

The Group recognizes the costs of mining geological environment restoration and treatment as abandonment costs in accordance with the mining geological environment protection and land reclamation plan and the relevant provisions of the Accounting Standards for Business Enterprises. The costs are included in the recorded cost of the relevant assets, amortized over the estimated mining life in proportion to the production, and charged to production costs.

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Deferred income

(1) Classification of deferred income

Item	31 December 2023	Increase during the period	Decrease during the period	30 June 2024	Reasons for formation
Government grants	25,181,706.31	–	836,952.18	24,344,754.13	Fiscal subsidies
Total	25,181,706.31	–	836,952.18	24,344,754.13	–

(2) Items of government grants

Liability items	31 December 2023	New subsidy amount for the period	Amount reduced from costs for the period	Amounts charged to other income during the period	30 June 2024	Asset-related/ revenue- related
The Company:						
Sulfuration bed renovation and centralized sodium washing project	296,458.00	–	–	30,666.00	265,792.00	Asset-related
Special funds for energy conservation and emission reduction in the autonomous region	600,000.14	–	–	49,999.98	550,000.16	Asset-related
Central funds for air pollution prevention and control	6,432,300.01	–	–	132,349.98	6,299,950.03	Asset-related
Sub-total of the Company	7,328,758.15	–	–	213,015.96	7,115,742.19	–

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

38. Deferred income (Continued)

(2) Items of government grants (Continued)

Liability items	31 December 2023	New subsidy amount for the period	Amount included in non-operating income for the period	Amounts charged to other income during the period	30 June 2024	Asset-related/revenue-related
Subsidiaries:						
Fiscal funds for technical improvement projects	925,555.28	–	–	73,333.44	852,221.84	Asset-related
Fiscal funds for energy conservation and emission reduction projects	116,667.11	–	–	9,999.84	106,667.27	Asset-related
Special funds for environmental protection in the autonomous region	320,000.61	–	–	39,999.84	280,000.77	Asset-related
Special funds for six systems construction Xinjiang Uygur Autonomous Region Administration of Work Safety	500,000.00	–	–	35,714.28	464,285.72	Asset-related
Double-absorption project for sulphuric acid manufacturing	324,000.00	–	–	72,000.00	252,000.00	Asset-related
Valuation appreciation of government-allocated land use rights	7,027,556.92	–	–	104,888.94	6,922,667.98	Asset-related
Subsidies for the detailed investigation project of the western section of 2# ore deposit in the copper- nickel orefield	5,253,334.30	–	–	131,333.28	5,122,001.02	Asset-related
Fugitive gas compound desulfurizer project subsidy	2,250,000.16	–	–	41,666.64	2,208,333.52	Asset-related
Technical improvement and expansion project subsidy for nickel smelter	145,833.70	–	–	87,499.98	58,333.72	Asset-related
Subsidies for the final stage of mining expansion project	990,000.08	–	–	27,499.98	962,500.10	Asset-related
Sub-total of subsidiaries	17,852,948.16	–	–	623,936.22	17,229,011.94	–
Total	25,181,706.31	–	–	836,952.18	24,344,754.13	–

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

39. Share capital

Item	30 June 2024		31 December 2023	
	Number of shares	Percentage of equity shares (%)	Number of shares	Percentage of equity shares (%)
Unlisted tradable shares	1,259,420,000.00	56.99	1,259,420,000.00	56.99
Holders of other overseas listed foreign shares (H shares)	950,580,000.00	43.01	950,580,000.00	43.01
Total	2,210,000,000.00	100.00	2,210,000,000.00	100.00

Note: The par value per share of the Company is RMB0.25, and the total share capital is RMB552,500,000.00.

There was no movement of the Company's share capital for the period ended 30 June 2024.

40. Capital reserves

Item	31 December 2023	Increase during the period	Decrease during the period	30 June 2024
Contribution from controlling shareholders related to mining rights	35,393,957.53	–	–	35,393,957.53
Share premium	4,219,360,899.96	–	–	4,219,360,899.96
Other capital reserves	7,630,280.54	478,823.53	–	4,293,963.80
Total	4,258,569,997.76	478,823.53	–	4,259,048,821.29

Note:

- The difference of RMB35,393,957.53 between the fair value of mining rights acquired from Xinjiang Non-ferrous Group and the present value of the long-term payable for the mining rights was treated as the contribution from Xinjiang Non-ferrous Group to the Company. The capital reserve was formed prior to the listing of the Company on the Main Board of the Stock Exchange of Hong Kong Limited in 2007.
- The difference of RMB4,219,360,899.96 between the paid-in capital and the share capital was recognized in capital reserves as a share premium.
- Xinjiang Non-ferrous Group provided a long-term interest-free borrowing to the Group and the difference of RMB3,815,140.27 between the principal amount of the borrowing and its fair value at initial recognition was recorded as a contribution from Xinjiang Non-ferrous Group to the Group in capital reserves. The borrowing was repaid in 2017.

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

41. Special reserves

Item	31 December 2023	Increase during the period	Decrease during the period	30 June 2024
Safety production costs	–	27,151,088.22	20,747,323.89	6,403,764.33
Total	–	27,151,088.22	20,747,323.89	6,403,764.33

Note: According to the relevant provisions of Cai Zi [2022] No. 136 issued by the State Administration of Work Safety, Kalatongke Mining, Xinjiang Yakesi, and Hami Jubao are required to extract the safety production fund based on the standard of RMB15 per ton of copper-nickel ore (FY 2023: RMB15 per ton). The fund for the tailings ponds of Kalatongke Mining and Xinjiang Yakesi is calculated on the basis of the volume of tailings put in storage. RMB4 per ton is for the tailings of the third and higher grades (FY 2023: RMB4 per ton), and RMB5 per ton is for the tailings of the fourth and fifth grades (FY 2023: RMB5 per ton). Zhongxin Mining and Kalatongke Mining are required to withdraw the safety production fund at 4.5% of the amount of sulfuric acid consumption/sales revenue of the prior year (FY 2023: 4.5%). Zhongxin Mining, Fukang Smelter, and Kalatongke Mining use the excess regressive method for the withdrawal of the safety production fund based on the smelting revenue of the prior year. The safety production fund is withdrawn and included in the production costs and special reserves and is used to directly write down special reserves as incurred if the fund is an expense in nature. When special reserves give rise to fixed assets, the special reserves are reduced by the cost of the generated fixed assets, and the same amount of accumulated depreciation is recognized. The related assets are no longer depreciated in subsequent periods. The amount of the safety production fund used for the expenditure on safety-related projects was RMB20,747,323.89 for the six months ended 30 June 2024 (For the six months ended 30 June 2023: RMB15,035,761.82).

42. Surplus reserves

Item	31 December 2023	Increase during the period	Decrease during the period	30 June 2024
Statutory surplus reserves	276,250,000.00	–	–	276,250,000.00
Total	276,250,000.00	–	–	276,250,000.00

Note: According to the Company Law of the People's Republic of China and the Articles of Association of the Company, the Company shall withdraw the statutory surplus reserve at the rate of 10% of the annual net profit, and may no longer withdraw the statutory surplus reserve when the accumulative amount reaches more than 50% of the share capital. The statutory surplus reserve can be used to cover losses or increase the share capital after approval.

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

43. Undistributed profits

Item	30 June 2024	30 June 2023
Undistributed profits at the beginning of the period	416,872,671.59	585,709,023.40
Add: Net profit attributable to the shareholders of the Company during the period	145,923,513.04	170,403,273.13
Less: Dividends payable for ordinary shares	110,500,000.00	331,500,000.00
Closing balance of the period	452,296,184.63	424,612,296.53

44. Revenue and cost of sales

(1) Details of revenue and cost of sales

Item	Six months ended 30 June 2024		Six months ended 30 June 2023	
	Revenue	Cost	Revenue	Cost
Main operation	1,054,384,266.84	746,625,875.02	756,431,135.70	386,753,507.66
Other operations	10,962,933.82	6,443,901.79	7,312,987.92	3,591,941.40
Total	1,065,347,200.66	753,069,776.81	763,744,123.62	390,345,449.06

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Revenue and cost of sales (Continued)

(2) Breakdown of revenue and cost of sales

Classification of contracts	Six months ended 30 June 2024			
	Segment 1 Revenue	Cost of sales	Total Revenue	Cost of sales
Type of operation				
Main operation	1,054,384,266.84	746,625,875.02	1,054,384,266.84	746,625,875.02
Electrolytic nickel	531,526,235.51	332,222,964.37	531,526,235.51	332,222,964.37
Copper cathode	208,800,500.55	184,649,723.23	208,800,500.55	184,649,723.23
Sales of board slag, water slag and other waste residues	218,680,602.70	142,510,517.82	218,680,602.70	142,510,517.82
Others	95,376,928.08	87,242,669.60	95,376,928.08	87,242,669.60
Other operations	10,962,933.82	6,443,901.79	10,962,933.82	6,443,901.79
Sales of materials	2,473,817.06	1,746,745.50	2,473,817.06	1,746,745.50
House rent	2,801,909.70	2,389,305.33	2,801,909.70	2,389,305.33
Sales of electricity	883,968.88	867,329.43	883,968.88	867,329.43
Orefield heating	24,562.40	28,178.90	24,562.40	28,178.90
Others	4,778,675.78	1,412,342.63	4,778,675.78	1,412,342.63
Classified by region of operation				
Domestic	1,065,347,200.66	753,069,776.81	1,065,347,200.66	753,069,776.81
Overseas	—	—	—	—
Classified by time of goods transfer				
Transfer at a point in time	1,061,276,785.46	749,387,680.77	1,061,276,785.46	749,387,680.77
Transfer over time	4,070,415.20	3,682,096.04	4,070,415.20	3,682,096.04
Classified by sales channel				
Direct sales	1,065,347,200.66	753,069,776.81	1,065,347,200.66	753,069,776.81
Total	1,065,347,200.66	753,069,776.81	1,065,347,200.66	753,069,776.81

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Revenue and cost of sales (Continued)

(2) Breakdown of revenue and cost of sales (Continued)

Classification of contracts	Segment 1 Revenue	Six months ended 30 June 2023		
		Cost of sales	Total Revenue	Cost of sales
Type of operation				
Main operation	756,431,135.70	386,753,507.66	756,431,135.70	386,753,507.66
Electrolytic nickel	592,300,939.74	257,560,963.23	592,300,939.74	257,560,963.23
Copper cathode	88,402,038.46	67,956,548.47	88,402,038.46	67,956,548.47
Sales of board slag, water slag and other waste residues	7,360,711.61	2,486,256.45	7,360,711.61	2,486,256.45
Others	68,367,445.89	58,749,739.51	68,367,445.89	58,749,739.51
Other operations	7,312,987.92	3,591,941.40	7,312,987.92	3,591,941.40
Sales of materials	998,410.60	182,233.10	998,410.60	182,233.10
House rent	1,599,452.24	2,382,337.44	1,599,452.24	2,382,337.44
Sales of electricity	264,048.40	244,581.03	264,048.40	244,581.03
Orefield heating	85,099.02	72,525.90	85,099.02	72,525.90
Others	4,365,977.66	710,263.93	4,365,977.66	710,263.93
Classified by region of operation				
Domestic	763,744,123.62	390,345,449.06	763,744,123.62	390,345,449.06
Overseas	–	–	–	–
Classification by time of goods transfer				
Transfer at a point in time	761,795,523.96	387,646,004.69	761,795,523.96	387,646,004.69
Transfer over time	1,948,599.66	2,699,444.37	1,948,599.66	2,699,444.37
Classified by sales channel				
Direct sales	763,744,123.62	390,345,449.06	763,744,123.62	390,345,449.06
Total	763,744,123.62	390,345,449.06	763,744,123.62	390,345,449.06

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

44. Revenue and cost of sales (Continued)

(3) Information related to performance obligations

The Group's sales of electrolytic nickel and copper cathode are all performed at a point in time according to sales contracts. As for the performance obligations performed at a point in time, revenue is recognized when the customer obtains control.

45. Taxes and surcharges

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Resource tax	7,809,210.31	5,519,426.87
Property tax	6,262,581.32	5,105,505.05
Education surcharge	2,973,627.78	3,879,145.18
City maintenance and construction tax	2,341,637.12	3,390,801.93
Land use tax	1,960,889.63	1,908,997.93
Stamp duty	949,123.20	489,613.69
Others	266,379.45	67,183.04
Total	22,563,448.81	20,360,673.69

46. Selling expenses

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Loading and unloading fee and transportation fee	3,891,084.91	1,318,690.21
Employee benefits	2,116,098.22	2,296,703.88
Travel and administrative expenses	27,046.75	16,251.48
Depreciation	16,102.83	34,760.58
Others	392,747.95	241,199.85
Total	6,443,080.66	3,907,606.00

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

47. General and administrative expenses

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Employee benefits	40,380,922.13	42,600,013.78
Depreciation and amortisation	12,624,353.69	11,507,027.25
Intermediary fees	3,094,652.75	2,258,678.22
Office expenses	4,456,561.40	4,113,368.56
Comprehensive support service charge	1,613,207.52	1,613,207.52
Leasing fees	1,571,320.43	262,637.79
Others	15,354,804.42	7,935,988.94
Total	79,095,822.34	70,290,922.06

48. Research and development expenses

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Material consumption	3,615,754.74	6,148,734.75
Employee benefits	2,057,230.09	4,217,448.12
Depreciation and amortisation	1,122,663.13	11,384.68
Inspection, testing, and other costs	1,767,574.80	2,149,565.15
Total	8,563,222.76	12,527,132.70

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

49. Financial expenses

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Interest expenses	11,788,655.11	19,791,808.79
Less: Interest income	3,827,410.37	7,926,840.67
Add: Other expenditures	10,395,223.08	10,192,303.46
Total	18,356,467.82	22,057,271.58

50. Other income

Source of other income	Six months ended 30 June 2024	Six months ended 30 June 2023	Asset-related/ revenue-related
Special subsidy funds for energy conservation and emission reduction	253,332.96	218,333.16	Asset-related
Special funds for technological transformation	478,730.28	915,265.78	Asset-related
Others	104,888.94	176,888.94	Asset-related
Sub-total	836,952.18	1,310,487.88	–
Enterprise social security subsidy	800,456.50	2,314,132.42	Revenue-related
Refund of value-added tax	11,101,995.68	18,000.00	Revenue-related
Others	427,420.31	165,889.55	Revenue-related
Sub-total	12,329,872.49	2,498,021.97	–
Total	13,166,824.67	3,808,509.85	–

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

51. Gains on changes in fair value

Sources of gains on changes in fair value	Six months ended 30 June 2024	Six months ended 30 June 2023
Derivative financial assets and derivative financial liabilities – Metal trading contract	15,539,621.24	-20,486,134.51
Total	15,539,621.24	-20,486,134.51

52. Investment income

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Net profit from joint ventures under equity method	194,774.95	225,463.28
Unrealized net profit between joint ventures and the Group	11,083,849.69	-16,802,129.34
Investment income from the disposal of financial assets held for trading	117,926.03	142,502.74
Total	11,396,550.67	-16,434,163.32

Note: The Group does not have significant restrictions on investment income repatriation.

53. Credit impairment losses

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Bad debt losses on notes receivable	-12,888.72	–
Bad debt losses on accounts receivable	1,938,073.89	-138,318.68
Bad debt losses on other receivables	64,656.47	–
Total	1,989,841.64	-138,318.68

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

54. Asset impairment losses

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Loss on decline in value of inventories and impairment loss on contract performance costs	-10,802,597.63	—
Impairment loss on intangible assets	-31,754,162.97	—
Total	-42,556,760.60	—

55. Non-operating income

Item	Six months ended 30 June 2024	Six months ended 30 June 2023	Amount recognised in non-recurring profit or loss for the six months ended 30 June 2024
Revenue from fines and forfeitures	624,852.13	52,500.00	624,852.13
Amounts not required to be paid	1,856,296.57	—	1,856,296.57
Others	48,800.19	230,646.38	48,800.19
Total	2,529,948.89	283,146.38	2,529,948.89

56. Non-operating expenses

Item	Six months ended 30 June 2024	Six months ended 30 June 2023	Amount recognised in non-recurring profit or loss for the six months ended 30 June 2024
Loss on damaged or scrapped non-current assets	293,922.29	103.15	293,922.29
External donation expenses	37,857.04	10,000.00	37,857.04
Expenses for damages, liquidated damages and penalties	656,320.41	18,317.14	656,320.41
Others	549,684.14	451,231.52	549,684.14
Total	1,537,783.88	479,651.81	1,537,783.88

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

57. Income tax expenses

(1) Income tax expenses

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Income tax expenses during the period	25,637,119.69	25,842,504.23
Deferred income tax expenses	18,168,680.57	14,939,748.23
Total	43,805,800.26	40,782,252.46

(2) Adjustments to accounting profit and income tax expenses

Item	Six months ended 30 June 2024
Total consolidated profit	177,783,624.09
Income tax expenses at statutory/applicable tax rate	26,667,543.62
Effect of applying different tax rates to subsidiaries	369,832.45
Effect of adjustments to income taxes of prior periods	7,458,324.43
Effect of non-taxable income	4,165,968.61
Effect of non-deductible costs, expenses, and losses	3,205,010.59
Effect of using deductible losses not recognized as deferred tax assets in prior periods	-256,948.92
Effect of deductible temporary differences or deductible losses not recognized as deferred tax assets in the current period	2,196,069.48
Income tax expenses	43,805,800.26

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

58. Earnings per share

(1) Basic earnings per share

Basic earnings per share is calculated by dividing consolidated net profit attributable to the Company's common shareholders by the weighted average of common shares outstanding:

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Consolidated net profit attributable to common shareholders of the Company	145,923,513.04	170,403,273.13
Weighted average of common shares outstanding of the Company	2,210,000,000.00	2,210,000,000.00
Basic earnings per share	0.066	0.077
Including: Basic earnings per share for continuing operations	0.066	0.077
Basic earnings per share for discontinued operations	—	—

(2) Diluted earnings per share

Diluted earnings per share is computed by dividing consolidated net income attributable to the Company's common stockholders, as adjusted for dilutive potential common shares, by the adjusted weighted average of common shares of the Company issued and outstanding. There were no dilutive potential common shares for the six months ended 30 June 2024 (for the six months ended 30 June 2023: none) and therefore diluted earnings per share were equal to basic earnings per share.

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V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Cash flow statement items

(1) Cash related to operating activities

1) Cash received relating to other operating activities

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Interest income	3,827,410.37	7,926,840.67
Government grants received	904,179.05	2,543,843.48
Reserves, deposits, and guarantees	10,513,473.72	—
Others	17,674,322.17	5,521,876.38
Total	32,919,385.31	15,992,560.53

2) Cash paid relating to other operating activities

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Restricted cash at bank	1,051,571.80	240,990.65
Payment of loading, unloading, and transportation fees	361,958.66	2,930,212.47
Payment of intermediary fees	4,398,522.33	2,258,678.22
Research services and exploration fees	5,633,582.15	765,572.37
Machine and material repair costs	865,708.35	4,369,635.60
Payment of administrative and office expenses	3,073,864.97	2,894,293.44
Comprehensive support service fee	1,655,421.40	1,613,207.52
Payment of greening fees	180,952.52	615,715.00
Rental fees	253,200.87	262,637.79
Payment of bank transaction fees	31,316.34	34,186.84
Vehicle transportation expenses	824,002.27	1,091,593.53
Other sporadic expenses	27,576,021.22	4,836,950.59
Total	45,906,122.88	21,913,674.02

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

59. Cash flow statement items (Continued)

(2) Cash related to investing activities

1) Cash received relating to investing activities

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Structured deposit redemption	11,000,000.00	—
Total	11,000,000.00	—

(3) Cash related to financing activities

1) Cash paid related to other financing activities

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Payment of lease liabilities	—	2,843,489.04
Total	—	2,843,489.04

(4) Significant activities and financial effects that do not involve current cash receipts and disbursements but affect the enterprise's financial position or may affect the enterprise's cash flows in the future

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Inventory procurement funds paid with bank acceptance notes	553,302,529.49	122,649,077.94
Purchase funds for long-term assets paid with bank acceptance notes	134,751,783.44	122,534,132.00
Total	688,054,312.93	245,183,209.94

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Cash flow statement supplement

(1) Cash flow statement supplement

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
1. Reconciliation of net profit to cash flows from operating activities:	—	—
Net profit	133,977,823.83	170,302,841.34
Add: Provision for asset impairment	42,556,760.60	—
Credit impairment losses	-1,989,841.64	-138,318.68
Depreciation expenses	131,776,647.92	146,062,115.96
Amortization of intangible assets	14,120,511.63	23,039,671.07
Amortization of long-term prepaid expenses	321,084.18	316,739.64
Losses on disposal of fixed assets, intangible assets, and other long-term assets (gains marked with "-")	-161,263.33	—
Losses on scrapping of fixed assets (gains marked with "-")	293,922.29	103.15
Losses on changes in fair value (gains marked with "-")	-15,539,621.24	20,486,134.51
Financial expenses (gains marked with "-")	11,815,726.77	29,949,925.41
Losses on investment (gains marked with "-")	-11,396,550.67	16,434,163.32
Decrease in deferred tax assets (increase marked with "-")	26,418,704.60	16,093,462.53
Increase in deferred tax liabilities (decrease marked with "-")	-8,250,024.03	-1,153,714.30
Decrease in inventories (increase marked with "-")	125,945,669.51	-130,125,260.26
Decrease in operating receivables (increase marked with "-")	-60,794,741.77	-129,492,866.55
Increase in operating payables (decrease marked with "-")	-222,225,844.47	-89,364,279.53
Net cash flows generated from operating activities	166,868,964.18	72,410,717.61

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Cash flow statement supplement (Continued)

(1) Cash flow statement supplement (Continued)

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
2. Significant investing and financing activities not related to cash deposits and withdrawal:		
Conversion of debt into capital	—	—
Convertible corporate bonds due within one year	—	—
Finance leased fixed assets	—	—
3. The net movement of cash and cash equivalents	—	—
Closing balance of cash	635,278,496.45	708,669,372.28
Less: Opening balance of cash	483,702,769.38	621,470,686.87
Add: Closing balance of cash equivalents	—	—
Less: Opening balance of cash equivalents	—	—
Net increase in cash and cash equivalents	151,575,727.07	87,198,685.41

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

V. NOTES TO THE PRINCIPAL ITEMS OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

60. Cash flow statement supplement (Continued)

(2) Composition of cash and cash equivalents

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Cash	635,278,496.45	708,669,372.28
Including: Cash on hand		370.81
Unrestricted cash at bank	635,278,496.45	708,669,001.47
Cash equivalents	—	—
Cash and cash equivalents at the end of the period	635,278,496.45	708,669,372.28

61. Leases

The Group does not lease fixed assets through financial leasing.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1) Composition of the enterprise group

Name of subsidiaries	Registered capital	Type of legal entity	Main operation place	Place of registration	Nature of business	Shareholding percentage (%)		Acquisition method
						Direct	Indirect	
Xinjiang Yakesi Resources Development Co., Ltd.	500,000,000.00	Joint-stock company	Hami, the PRC	Hami, the PRC	Mining	99.51	0.49	Business combination not under common control
Hami Jubao Resources Development Co., Ltd.	120,000,000.00	Limited liability company	Hami, the PRC	Hami, the PRC	Mining	98.96	1.04	Business combination not under common control
Xinjiang Zhongxin Mining Co., Ltd.	120,000,000.00	Limited liability company	Hami, the PRC	Hami, the PRC	Smelting	97.58	-	Business combination not under common control
Xinjiang Kalatongke Mining Co., Ltd.	1,230,000,000.00	Limited liability company	Fuyun, the PRC	Fuyun, the PRC	Mining and smelting	100.00	-	Through establishment or investment
Shaanxi Xinxin Mining Co., Ltd.	10,000,000.00	Limited liability company	Shangnan, the PRC	Shangnan, the PRC	Mining	51.00	-	Business combination not under common control
Xinjiang Mengxi Mining Industry Co., Ltd.	15,918,400.00	Limited liability company	Hami, the PRC	Hami, the PRC	Mining	51.00	-	Through the establishment or investment
Beijing Xinding Shunze Hi Tech Co., Ltd.	145,000,000.00	Limited liability company	Beijing, the PRC	Beijing, the PRC	R&D, property management	100.00	-	Through establishment or investment

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. INTERESTS IN OTHER ENTITIES(CONTINUED)

1. Interests in subsidiaries (Continued)

(2) Significant non-wholly owned subsidiaries

Name of subsidiaries	Minority shareholding percentage	Profit or loss attributable to minority shareholders for six months ended 30 June 2024	Dividends declared to minority shareholders for six months ended 30 June 2024	Balance of minority interests for six months ended 30 June 2024
Xinjiang Zhongxin Mining Co., Ltd.	2.42%	-223,417.65	–	-5,460,070.09
Shaanxi Xinxin Mining Co., Ltd.	49.00%	-11,742,280.39	–	6,651,755.67
Xinjiang Mengxi Mining Industry Co., Ltd.	49.00%	20,008.83	–	3,178,367.32

(3) Key financial information of significant non-wholly owned subsidiaries

Name of subsidiaries	Closing balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Xinjiang Zhongxin Mining Co., Ltd.	26,219,617.76	74,880,056.05	101,099,673.81	36,183,055.63	213,342,617.85	249,525,673.48
Shaanxi Xinxin Mining Co., Ltd.	247,340.38	42,890,661.67	43,138,002.05	22,599,186.58	6,963,803.89	29,562,990.47
Xinjiang Mengxi Mining Industry Co., Ltd.	6,487,310.01	–	6,487,310.01	846.09	–	846.09

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. INTERESTS IN OTHER ENTITIES(CONTINUED)

1. Interests in subsidiaries (Continued)

(3) Key financial information of significant non-wholly owned subsidiaries (Continued)

(Continued)

Name of subsidiaries	Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Xinjiang Zhongxin Mining Co., Ltd.	34,759,508.40	77,184,617.34	111,944,125.74	37,540,684.31	213,597,306.95	251,137,991.26
Shaanxi Xinxin Mining Co., Ltd.	262,080.69	74,645,034.87	74,907,115.56	22,465,921.81	14,902,344.63	37,368,266.44
Xinjiang Mengxi Mining Industry Co., Ltd.	11,927,529.57	-	11,927,529.57	5,481,900.00	-	5,481,900.00

(Continued)

Name of subsidiaries	Current period incurrence			
	Revenue	Net profit	Total comprehensive profit	Operating cash flow
Xinjiang Zhongxin Mining Co., Ltd.	37,327.89	-9,232,134.15	-9,232,134.15	-4,285.58
Shaanxi Xinxin Mining Co., Ltd.	-	-23,963,837.54	-23,963,837.54	-11,399.91
Xinjiang Mengxi Mining Industry Co., Ltd.	-	40,834.35	40,834.35	-5,514,053.90

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

1. Interests in subsidiaries (Continued)

(3) Key financial information of significant non-wholly owned subsidiaries (Continued)

(Continued)

Name of subsidiaries	Revenue	Net profit	Prior period incurrence	
			Total comprehensive profit	Operating cash flow
Xinjiang Zhongxin Mining Co., Ltd.	1,057,559.64	-2,105,844.38	-2,105,844.38	-4,118,464.52
Shaanxi Xinxin Mining Co., Ltd.	–	-158,847.06	-158,847.06	-5,004.40
Xinjiang Mengxi Mining Industry Co., Ltd.	–	139,380.94	139,380.94	201.52

2. Interests in joint ventures

(1) Significant joint ventures

Name of joint ventures	Main operation place	Place of registration	Nature of business	Shareholding percentage (%)		Accounting treatment method
				Direct	Indirect	
Hami Hexin Mining Industry Co., Ltd.	Hami, the PRC	Hami, the PRC	Mining	50.00	–	Equity method

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures or associates (Continued)

(2) Key financial information on significant joint ventures

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Current assets	108,216,683.25	116,091,851.65
Including: Cash and cash equivalents	32,749,374.01	29,952,309.21
Non-current assets	430,553,440.12	438,729,277.93
Total assets	538,770,123.37	554,821,129.58
Current liabilities	163,367,210.16	180,265,413.34
Non-current liabilities	55,136,205.37	55,636,205.37
Total liabilities	218,503,415.53	235,901,618.71
Total net assets	320,266,707.84	318,919,510.87
Including: Non-controlling interests	—	—
Equity attributable to shareholders of the parent company	320,266,707.84	318,919,510.87
Share of net assets based on percentage of shareholding	160,133,353.92	159,459,755.44
Adjustments	—	—
– Goodwill	44,668,386.35	44,668,386.35
– Unrealized profits in internal trading	-6,958,518.41	-18,042,368.10
Book value of equity investments in joint ventures	197,843,221.86	186,085,773.69
Fair value of investments in interests in joint ventures for which publicly quoted prices exist	—	—

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

VI. INTERESTS IN OTHER ENTITIES (CONTINUED)

2. Interests in joint ventures or associates (Continued)

(2) Key financial information on significant joint ventures (Continued)

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Revenue	68,907,996.29	69,633,221.96
Financial expenses	1,734,921.55	2,030,002.43
Net profit	-982,526.89	1,550,926.56
Other comprehensive income	—	—
Total comprehensive profit	-982,526.89	1,550,926.56
Dividends received from joint ventures	—	11,000,000.00

Note: The Group, based on the amount assigned to the Company in the financial statements of joint venture, calculates asset share in proportion to the number of shares owned. The amount in the financial statements of the joint venture has taken the fair value of identifiable assets and liabilities of the investee joint venture and adopting consistent accounting policies into consideration.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

VII. FINANCIAL INSTRUMENT AND RISK

The Group's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk, interest rate risk, and concentration risk), credit risk, and liquidity risk. The financial risks mentioned above and the risk management policies adopted by the Group to mitigate these risks are described below:

The Board is responsible for planning and establishing the Group's risk management framework, formulating the Group's risk management policies and related guidelines, and supervising the implementation of the risk management measures. The Group has developed risk management policies to identify and analyze the risks to which the Group is exposed. These risk management policies specify specific risks and cover various aspects such as market risk, credit risk, and liquidity risk management. The Group regularly evaluates the market environment and changes in the Group's operating activities to determine whether to update the risk management policies and systems. The risk management of the Group is carried out by the Risk Management Committee in accordance with the policy approved by the Board. The Risk Management Committee identify, evaluate, and evade related risks by working closely with other business units of the Group. The Group's internal audit department controls the risk management system and procedures for periodic review, and the audit results are reported to the Group's audit committee.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

VII. FINANCIAL INSTRUMENT AND RISK (CONTINUED)

1. Market risk

(1) Foreign exchange risk

The Group's main operations are located in China and its main business is settled in RMB. The Group's recognized foreign currency assets and liabilities and future foreign currency transactions (foreign currency assets and liabilities and foreign currency transactions are denominated primarily in US dollars and Hong Kong dollars) are exposed to foreign exchange risk. The Group continuously monitors the size of the Group's foreign currency transactions and foreign currency assets and liabilities to minimize the foreign exchange risks it faces, and for this reason, the Group may aim to avoid foreign exchange risk by signing forward foreign exchange contracts or currency swap contracts. The Group had not signed any forward foreign exchange contracts or currency swap contracts as at 30 June 2024 and 31 December 2023.

As at 30 June 2024 and 31 December 2023, the Group did not hold foreign currency financial assets and foreign currency financial liabilities.

(2) Interest rate risk

The Group's interest rate risk arises from bank borrowings. Floating rate financial liabilities expose the Group to cash flow interest rate risk, fixed rate financial liabilities expose the Group to fair value interest rate risk. The Group adjusts the relative proportion of contracts at a fixed rate and contracts at a floating rate based on market situation. As at 30 June 2024, the Group's interest-bearing debts were RMB-denominated floating rate loan contracts with an aggregate amount of RMB766,031,833.33 (31 December 2023: RMB768,100,000.00).

The Group continuously monitors its interest rate level. A rise in interest rates would increase the cost of new interest-bearing debt and interest expense on the Group's outstanding interest-bearing debt at floating rates and have a material adverse effect on the Group's financial results, and management makes timely adjustments based on the latest market conditions, which may be in the form of interest rate swap arrangements to reduce interest rate risk. The Group had no interest rate swap arrangements during the six-month period ended 30 June 2024 and the year 2023.

As at 30 June 2024, if interest rates on borrowings at variable rates had decreased or increased by 10% with all other factors held constant, the Group's net profit would have increased or decreased by RMB1,249,108.28 (31 December 2023: net profit would have increased or decreased by RMB3,386,997.15).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

VII. FINANCIAL INSTRUMENT AND RISK (CONTINUED)

1. Market risk (continued)

(3) Concentration risk

The Group's revenue is mainly derived from the sales of electrolytic nickel, cathode copper, and other tailings, and 58.00% of the sales revenue for the six months ended 30 June 2024 (for the six months ended 30 June 2023: 77.00%) was derived from the top three customers, and the Group has not entered into any long term sales contracts with these three customers, among others. In the event that these major customers terminate their business relationships with the Group and the Group fails to find new customers, it may have a material adverse impact on the Group's financial position and results of operations.

2. Credit risk

The Group's credit risk mainly arises from cash, notes receivable, accounts receivable, financing receivables, other receivables, contract assets, financial guarantee contracts etc. As at the balance sheet date, the book value of the Group's financial assets represents their full credit risk exposure. The maximum credit risk exposure off the balance sheet is RMB52,500,000.00 which arises from the undertaking of a financial guarantee.

As at 30 June 2024, the amount of financial guarantees provided by the Group to Hexin Mining amounted to a principal amount of RMB52,500,000.00, with no payment in lieu, overdue interest or penalty. The Group assess that there is no credit impairment loss for the financial guarantee contract.

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

The Group expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks, and no significant losses are expected from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on notes receivable, accounts receivable, contract assets, financing receivables, other receivables, etc. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantees 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 2024, the Group had no significant collateral and other credit enhancements held as a result of debtor mortgages (31 December 2023: none).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

VII. FINANCIAL INSTRUMENT AND RISK (CONTINUED)

3. Liquidity risk

Cash flow forecasting was performed by each subsidiary of the Group. 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 a 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.

(1) The undiscounted contractual cash flows of each of the Group's financial liabilities are presented below by maturity date:

Item	30 June 2024				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term borrowings	203,254,444.44	-	-	-	203,254,444.44
Financial liabilities held for trading	-	-	-	-	-
Notes payable	51,026,761.09	-	-	-	51,026,761.09
Accounts payable	286,678,691.24	-	-	-	286,678,691.24
Other payables	295,908,059.60	-	-	-	295,908,059.60
Long-term borrowings	160,926,233.89	323,415,076.25	95,004,266.67	-	579,345,576.81
Long-term payables	54,855,160.00	54,855,160.00	159,062,570.00	143,373,701.67	412,146,591.67
Lease liabilities	1,399,165.55	-	-	-	1,399,165.55
Total	1,054,048,515.81	378,270,236.25	254,066,836.67	143,373,701.67	1,829,759,290.40

Item	31 December 2023				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term borrowings	203,703,791.67	-	-	-	203,703,791.67
Financial liabilities held for trading	48,976,869.63	-	-	-	48,976,869.63
Accounts payable	667,412,627.82	-	-	-	667,412,627.82
Notes payable	25,700,000.00	-	-	-	25,700,000.00
Other payables	212,210,363.97	-	-	-	212,210,363.97
Long-term borrowings	23,577,606.94	480,489,455.28	97,749,333.33	-	601,816,395.55
Long-term payables	50,482,376.00	50,482,376.00	145,944,218.00	136,344,082.67	383,253,052.67
Lease liabilities	1,372,093.89	-	-	-	1,372,093.89
Total	1,233,435,729.92	530,971,831.28	243,693,551.33	136,344,082.67	2,144,445,195.20

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

VII. FINANCIAL INSTRUMENT AND RISK (CONTINUED)

3. Liquidity risk (continued)

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

Item	30 June 2024				Total
	Within 1 year	1-2 years	2-5 years	Over 5 years	
Financial guarantees	52,500,000.00	–	–	–	52,500,000.00

(Continued)

Item	31 December 2023				Total
	Within 1 year	1-2 years	2-5 years	Over 5 years	
Financial guarantees	62,750,000.00	–	–	–	62,750,000.00

- (3) The Group bank borrowings were analyzed by repayment terms as follows:

Item	Closing balance	Opening balance
Within 1 year	351,531,833.33	204,400,000.00
1-2 years	319,500,000.00	467,700,000.00
2-5 years	95,000,000.00	96,000,000.00

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. FAIR VALUE DISCLOSURES

The level to which a fair value measurement result belongs is determined by the lowest level to which the inputs that are significant to the overall fair value measurement belong:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities.

Level 2: Inputs other than Level 1 inputs that are observable for the related asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the related asset or liability.

1. Assets and liabilities continuously measured at fair value

Assets and liabilities continuously measured at fair value based on the above three levels as at 30 June 2024 are listed as follows:

Item	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	Total
Financial assets held for trading – Structural deposits	–	–	–	–
Financing receivables – Notes receivable	–	–	257,489,302.93	257,489,302.93
Total financial assets	–	–	257,489,302.93	257,489,302.93
Financial liabilities held for trading	–	–	–	–
Total financial liabilities	–	–	–	–

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. FAIR VALUE DISCLOSURES (CONTINUED)

1. Assets and liabilities continuously measured at fair value (Continued)

Assets and liabilities continuously measured at fair value based on the above three levels as at 31 December 2023 are listed as follows:

Item	Level 1 fair value measurements	Level 2 fair value measurements	Level 3 fair value measurements	Total
Financial assets held for trading – Structural deposits	–	–	11,000,000.00	11,000,000.00
Financing receivables – Notes receivable	–	–	119,680,583.62	119,680,583.62
Total financial assets	–	–	130,680,583.62	130,680,583.62
Financial liabilities held for trading	48,976,869.63	–	–	48,976,869.63
Total financial liabilities	48,976,869.63	–	–	48,976,869.63

The Group confirms its converting point based on the date of occurrence of the matters leading to conversion between levels. No conversion existed between Level 1 and Level 2 during the period.

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

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. FAIR VALUE DISCLOSURES (CONTINUED)

1. Assets and liabilities continuously measured at fair value (Continued)

The movement of the above assets and liabilities in Level 3 was listed as follows:

As at 30 June 2024:

Item	Opening balance	Increase	Decrease	Total gains or losses during the current period		Closing balance	For assets held and liabilities assumed at the end of the period, unrealized gains or losses for the period recognized in profit or loss
				Recognized in profit or loss	Recognized in other comprehensive income		
Financial assets held for trading – Structural deposits	11,000,000.00	–	11,000,000.00	117,926.03	–	–	–
Financing receivables – Notes receivable	119,680,583.62	661,920,188.73	524,111,469.42	–	–	257,489,302.93	–
Sub-total	130,680,583.62	661,920,188.73	535,111,469.42	117,926.03	–	257,489,302.93	–

As at 31 December 2023:

Item	Opening balance	Increase	Decrease	Total gains or losses during the current period		Closing balance	For assets held and liabilities assumed at the end of the year, unrealized gains or losses for the year recognized in profit or loss
				Recognized in profit or loss	Recognized in other comprehensive income		
Financial assets held for trading – Structural deposits	11,000,000.00	22,000,000.00	22,000,000.00	211,908.22	–	11,000,000.00	–
Financing receivables – Notes receivable	145,854,590.43	1,340,937,367.78	1,367,111,374.59	–	–	119,680,583.62	–
Sub-total	156,854,590.43	1,362,937,367.78	1,389,111,374.59	211,908.22	–	130,680,583.62	–

Gains or losses included in profit or loss were presented in the income statements as the items of gains or losses on changes in fair value, investment income and credit impairment losses, etc.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

VIII. FAIR VALUE DISCLOSURES (CONTINUED)

1. Assets and liabilities continuously measured at fair value (Continued)

The information related to fair value measurement in Level 3 was as follows:

Item	Closing fair value	Valuation technique	Name	Inputs		
				Range (weighted average)	Relationship with fair value	Observable/ Unobservable
Financial assets held for trading – Structural deposits	–	Discounted cash flow model	–	–	Negative correlation	–
Financing receivables – Notes receivable	257,489,302.93		Discount rates	3.45%		Unobservable

(Continued)

Item	Opening fair value	Valuation technique	Name	Inputs		
				Range (weighted average)	Relationship with fair value	Observable/ Unobservable
Financial assets held for trading – Structural deposits	11,000,000.00	Discounted cash flow model	Expected rate of return	1.45%~2.35%	Positive correlation	Unobservable
Financing receivables – Notes receivable	119,680,583.62	Discounted cash flow model	Discount rates	3.45%	Negative correlation	Unobservable

2. The Group does not have assets subsequently measured at fair value on a non-continuing basis.

3. Disclosure of the fair value of assets and liabilities that are not subsequently measured at fair value

The Group's financial assets and financial liabilities measured at amortised cost mainly include notes receivable, receivables, short-term borrowings, payables, long-term borrowings, long-term payables, etc. Except for the financial assets and financial liabilities mentioned above, there is no significant difference between the book value of other financial assets and financial liabilities not measured at fair value and the fair value.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

IX. CAPITAL MANAGEMENT

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern, thereby providing returns for shareholders and benefits for other stakeholders and maintaining an optimal capital structure to reduce the cost of capital.

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 debts.

Consistent with other companies in the same industry, the Group monitors its capital on the basis of the gearing ratio, which is calculated as net debt divided by total capital. Net debt is equal to total borrowings (including short-term borrowings, long-term borrowings, bonds payable, long-term payables, etc.) less cash and cash equivalents. Total capital is the sum of owners' equity as shown in the consolidated balance sheet and net debt.

During the six-month period ending 30 June 2024, the Group's strategy is to maintain a gearing ratio between 5% and 30%, which is consistent with the previous year. As at 30 June 2024 and 31 December 2023, the Group's gearing ratios were as follows:

Item	Closing balance	Opening balance
Total borrowings	766,031,833.33	768,100,000.00
Including: Short-term borrowings	200,000,000.00	200,000,000.00
Long-term borrowings	414,500,000.00	563,700,000.00
Long-term borrowings due within one year	151,531,833.33	4,400,000.00
Less: Cash and cash equivalents	635,278,496.45	483,702,769.38
Net debt (a)	130,753,336.88	284,397,230.62
Owners' equity (b)	5,550,868,823.15	5,520,508,411.46
Total capital (c) = (a) + (b)	5,681,622,160.03	5,804,905,642.08
Gearing ratio (a)/(c)	2.30%	4.90%

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

1. Related party relationships

(1) Information on the Company's parent company

Name of Parent Company	Place of registration	Nature of business	Registered capital (RMB10,000)	Parent company's shareholding in the company (%)	Parent company's Share of voting rights in the company (%)
Xinjiang Nonferrous Metals Industry (Group) Co., Ltd.	Urumqi, China	Mining, smelting, and processing of nonferrous and precious metals	163,035.61	40.06	40.06

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

(2) Information on the Company's subsidiaries

For details of subsidiaries, please refer to "Note VI.1.(1) Composition of the enterprise group".

(3) Joint ventures of the Company

For details of the Company's significant joint ventures, please refer to "Note VI.2.(1) Significant joint ventures".

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1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

1. Related party relationships (Continued)

(4) Other related parties

Name of other related parties	Relationship with the Company
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Nonferrous Lanzuan Export Co., LTD	Under common control of Xinjiang Non-ferrous Group
Xinjiang Non-ferrous Metal Research Institute Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Fukang Nonferrous Metals Development Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Non-ferrous Metal Industry (Group) Lanzuan Trading Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Non-ferrous Construction Inspection Centre Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Western Gold Hami Gold Mine Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Fuyun Xinshengtong Trade Co., Ltd.	Under common control of Xinjiang Non-ferrous Group

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related parties	Relationship with the Company
Urumqi Congxin Human Resource Service Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Fukang Non-ferrous Property Management Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Dongsanhuan Trading Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Quaxin Mining and Metallurgy Machinery Manufacturing Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Wuxin Copper Industry Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Haoxin Lithium Salt Development Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Fuyun Hengsheng Beryllium Industry Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Hami Jinhui Real Estate Development Co., Ltd.	Under common control of Xinjiang Non-ferrous Group

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

1. Related party relationships (Continued)

(4) Other related parties (Continued)

Name of other related parties	Relationship with the Company
Xinjiang Hua'ou Mining Industry Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Jinhui Real Estate Development Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Zhanxin Fire Insulation Material Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Non-ferrous Metal Industry Group Rare Metal Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Non-ferrous Metal Research Institute Co., Ltd.	Under common control of Xinjiang Non-ferrous Group
Xinjiang Huachuang Tianyuan Industrial Co., Ltd.	Associated enterprises of nonferrous metals groups
Urumqi Tianshan Star Precious Metals Co., Ltd	Under common control of Xinjiang Non-ferrous Group
Xinjiang Kunlun Lanzuan Mining Development Co., LTD	Under common control of Xinjiang Non-ferrous Group
Shaanxi Jinerxin Mining Co., Ltd	Other shareholders
Shaanxi Mingtai Engineering Construction Co., Ltd	Other shareholders

Note: On 12 March 2024, the Market Supervision Administration of Urumqi High-tech Industrial Development Zone issued a registration notice SJDZ (2024) No. 7465 approving the deregistration of Xinjiang non-ferrous Lanzuan Import and Export Co., Ltd.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

2. Related party transactions

(1) 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.

(2) Purchase and sales of goods, provision and receipt of services

1) Purchases of materials from related parties

Related party	Six months ended 30 June 2024	Six months ended 30 June 2023
Under common control of Xinjiang Non-ferrous Group/An associate of Xinjiang Non-ferrous Group:		
Procurement of production support materials/equipment		
Xinjiang Non-ferrous Metal Industry (Group) Lanzuan Trading Co., Ltd.	5,878,318.39	2,146,409.82
Xinjiang Dongsanhuan Trading Co., Ltd.	—	8,501,880.88
Fukang Nonferrous Metals Development Co., Ltd.	154,305.42	269,355.34
Fuyun Xinshengtong Trade Co., Ltd.	1,534,955.64	218,981.78
Western Gold Hami Gold Mine Co., Ltd.	—	63,489.64
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	700,341.73	2,415,734.72
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	—	1,919,433.32
China Nonferrous Metals Import and Export Xinjiang Corporation	—	360,745.13
Xinjiang Jinhui Real Estate Development Co., Ltd	—	3,692,310.09
Procurement of machined parts		
Xinjiang Quanxin Mining and Metallurgy Machinery Manufacturing Co., Ltd.	—	441,350.44
Huachuang Tianyuan Industrial Co., Ltd.	266,341.58	—
Sub-total	8,534,262.76	20,029,691.16
A joint venture of the Group		
Purchase of nickel powder		
Hami Hexin Mining Industry Co., Ltd.	37,358,412.81	47,435,714.63
Sub-total	37,358,412.81	47,435,714.63
Total	45,892,675.57	67,465,405.79

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1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

2. Related party transactions (Continued)

(2) Purchase and sales of goods, provision and receipt of services (Continued)

2) Acceptance of services

Related party	Six months ended 30 June 2024	Six months ended 30 June 2023
Under common control of Xinjiang Non-ferrous Group/An associate of Xinjiang Non-ferrous Group:		
Payment for work and labor		
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	9,136,735.81	15,658,933.59
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	1,099,644.49	—
Urumqi Congxin Human Resource Service Co., Ltd.	892,282.52	—
Shipping costs		
Fukang Nonferrous Metals Development Co., Ltd.	5,613,819.03	2,946,402.00
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	31,926.60	914,130.87
Other service fees		
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	434,169.78	1,120,701.02
Urumqi Congxin Human Resource Service Co., Ltd.	—	1,517,830.32
Xinjiang Non-ferrous Metal Research Institute Co., Ltd.	255,273.06	413,814.35
Fukang Nonferrous Metals Development Co., LTD	—	17,142.86
Fukang Non-ferrous Property Management Co., Ltd.	14,284.52	7,891.91
Western Gold Hami Gold Mine Company, LLC.	82,984.30	—
Comprehensive service fee		
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	1,613,207.52	2,681,455.73
Total	19,174,327.63	25,278,302.65

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1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

2. Related party transactions (Continued)

(2) Purchase and sales of goods, provision and receipt of services (Continued)

3) Sales of products and energy

Related party	Six months ended 30 June 2024	Six months ended 30 June 2023
Under common control of Xinjiang Non-ferrous Group/An associate of Xinjiang Non-ferrous Group:		
Xinjiang Wuxin Copper Industry Co., Ltd.	208,800,500.55	48,452,642.36
Urumqi Tianshan Star Precious Metal Co., Ltd.	9,798,433.92	8,719,999.05
Fuyun Hengsheng Beryllium Industry Co., Ltd.	309,030.31	3,988,240.68
Xinjiang Non-ferrous Metal Industry (Group) Lanzuan Trading Co., Ltd.	4,482,879.81	3,983,428.65
Xinjiang Non-ferrous Metal Industry (Group) Quaxin Construction Co., Ltd.	477,255.13	387,061.22
Western Gold Hami Gold Mine Company, LLC	779,433.97	—
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	1,499.47	1,529.41
Total	224,649,033.16	65,532,901.37

4) Rendering of services

Related party	Six months ended 30 June 2024	Six months ended 30 June 2023
The parent company of the Group:		
Xinjiang Non-ferrous Metal Industry (Group) Co., LTD	38,532.11	—
Under common control of Xinjiang Non-ferrous Group/An associate of Xinjiang Non-ferrous Group:	—	
Xinjiang Wuxin Copper Industry Co., Ltd.		318,135.85
Total	38,532.11	318,135.85

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

2. Related party transactions (Continued)

(3) Related leases

1) Rental

Name of lessee	Types of leased assets	Six months ended 30 June 2024	Six months ended 30 June 2023
Xinjiang Non-ferrous Metal Industry (Group) Quaxin Construction Co., Ltd.	Buildings	100,000.00	–
Xinjiang Nonferrous Metals Industry (Group) Co., Ltd.	Buildings	38,532.11	–
Xinjiang Hua'ou Mining Co., LTD	Conveyance	18,348.62	–
Total		156,880.73	–

2) Leasing situation

The lease liabilities paid by the Group as the lessee in the current period:

	Six months ended 30 June 2024	Six months ended 30 June 2023
Xinjiang Nonferrous Metals Research Institute	–	110,796.00

Interest expense on lease liabilities incurred by the Group as the lessee:

	Six months ended 30 June 2024	Six months ended 30 June 2023
Xinjiang Nonferrous Metals Research Institute	27,071.66	46,219.88

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

2. Related party transactions (Continued)

(4) Related guarantees

1) As a guarantor

Name of the guaranteed party	Amount of guarantee	Starting date	Ending date	Fulfilled or not
Hami Hexin Mining Industry Co., Ltd.	25,000,000.00	2023-5-17	2024-5-17	Yes
Hami Hexin Mining Industry Co., Ltd.	27,750,000.00	2023-9-22	2025-9-22	No
Hami Hexin Mining Industry Co., Ltd.	25,000,000.00	2024-5-17	2025-5-17	NO

(5) Remuneration of key management personnel

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Total remuneration	1,779,107.78	1,660,521.49

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

2. Related party transactions (Continued)

(5) Remuneration of key management personnel (Continued)

(1) Remuneration of Directors, Supervisors and Chief Executive Officer

The remuneration of each of the Directors, Supervisors, and Chief Executive Officer as of 30 June 2024 is set out below:

Item	Remuneration	Wages and subsidies	Contributions to pension plans	Bonus	Other allowances and benefits	Remuneration for other services rendered in relation to the management of the Company or subsidiaries	Total
Directors							
- Qi Xinhui ¹	-	-	-	-	-	-	-
- Chen Yin ²	-	216,995.37	21,960.00	-	-	-	238,955.37
- Chen Yang	-	-	-	-	-	-	-
- Guo Quan ³	-	-	-	-	-	-	-
- Wang Lijian	-	-	-	-	-	-	-
- Zhou Chuanyou	-	-	-	-	-	-	-
- Hu Chengye	-	-	-	-	-	-	-
Independent Directors							
- Hu Benyuan	35,000.00	-	-	-	-	-	35,000.00
- Wang Qingming ⁴	29,166.00	-	-	-	-	-	29,166.00
- Li daowei	58,500.00	-	-	-	-	-	58,500.00
- Huang Yong ⁵	5833.33	-	-	-	-	-	5833.33

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

2. Related party transactions (Continued)

(5) Remuneration of key management personnel (Continued)

(1) *Remuneration of Directors, Supervisors and Chief Executive Officer (Continued)*

Item	Remuneration	Wages and subsidies	Contributions to pension plans	Bonus	Other allowances and benefits	Remuneration for other services rendered in relation to the management of the Company or subsidiaries	Total
Supervisors							
- Meng Guojun ⁶	16,666.66	-	-	-	-	-	16,666.66
- Lin Su ⁷	3333.33	-	-	-	-	-	3333.33
- Li Shouqiang	-	-	-	-	-	174,343.67	174,343.67
- Huang Fakai	-	-	-	-	-	96,704.00	96,704.00
- Yao Wenying	20,000.00	-	-	-	-	-	20,000.00
- Chen Rong	-	-	-	-	-	-	-
Other key management personnel							
- He Hongfeng	-	177,269.07	21,960.00	-	-	-	199,229.07
- Dong Guoqing ⁸	-	144,143.34	18,300.00	-	-	-	162,443.34
- Shagenbieke	-	156,220.27	21,960.00	-	-	-	178,180.27
- Li Jiangping ⁹	-	169,780.27	21,960.00	-	-	-	191,740.27
- Lam Siu Wing	-	200,000.00	-	-	-	-	200,000.00
- Wu Ning	-	147,052.47	21,960.00	-	-	-	169,012.47
Total	168,499.32	1,211,460.79	128,100.00	-	-	271,047.67	1,779,107.78

Note: 1. Mr. Qi Xinhui resigned as General Manager of the Company on 5 January 2024; 2. Mr. Chen Yin was appointed as General Manager of the Company on 29 February 2024 and as an Executive Director on 31 May 2024; 3. Mr. Guo Quan resigned as Non-executive Director on 31 May 2024; 4. Mr. Wang Qingming resigned as Independent Non-executive Director on 31 May 2024; 5. Mr. Huang Yong was appointed as an Independent Non-executive Director on 31 May 2024; 6. Mr. Meng Guojun resigned as a supervisor on 31 May 2024; 7. Ms. Lin Su was appointed as a supervisor on 31 May 2024; 8. Mr. Dong Guoqing resigned as Deputy General Manager of the Company on 3 June 2024; 9. Mr. Li Jiangping was appointed as Deputy General Manager of the Company on 29 February 2024.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

2. Related party transactions (Continued)

(5) Remuneration of key management personnel (Continued)

(1) Remuneration of Directors, Supervisors, and Chief Executive Officer (Continued)

The remuneration of each of the Directors, Supervisors, and Chief Executive Officer as of 30 June 2023 is set out below:

Item	Remuneration	Wages and subsidies	Contributions to pension plans	Bonus	Other allowances and benefits	Remuneration for other services rendered in relation to the management of the Company or subsidiaries	Total
Directors							
- Qi Xinhui	-	177,280.00	20,416.32	-	-	197,696.32	197,696.32
- Yu Wenjiang	-	92,007.48	20,416.32	-	-	112,423.80	112,423.8
- Zhang Guohua	-	-	-	-	-	-	-
- Guo Quan	-	-	-	-	-	-	-
- Wang Lijian	-	-	-	-	-	-	-
- Zhou Chuanyou	-	-	-	-	-	-	-
- Hu Chengye	-	-	-	-	-	-	-
Independent Directors							
- Hu Benyuan	35,000.00	-	-	-	-	-	35,000.00
- Wang Qingming	35,000.00	-	-	-	-	-	35,000.00
- Lee Tao Wai	58,500.00	-	-	-	-	-	58,500.00
Supervisors							
- Meng Guojun	20,000.00	-	-	-	-	-	20,000.00
- Shi Keli	-	75,665.00	18,485.76	-	-	-	94,150.76
- Shan Zhengzhong	-	103,059.01	20,416.32	-	-	-	123,475.33
- Yao Wenying	20,000.00	-	-	-	-	-	20,000.00
- Zhong Rubiao	-	-	-	-	-	-	-
Other key management personnel							
- Lin Zhuohui	-	318,000.00	-	-	-	-	318,000.00
- Li Zhenzhen	-	114,340.00	20,416.32	-	-	-	134,756.32
- He Hongfeng	-	155,590.00	20,416.32	-	-	-	176,006.32
- Dong Guoqing	-	147,340.00	20,416.32	-	-	-	167,756.32
- Shagenbieke	-	147,340.00	20,416.32	-	-	-	167,756.32
Total	168,500.00	1,330,621.49	161,400.00	-	-	-	1,660,521.49

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

2. Related party transactions (Continued)

(5) Remuneration of key management personnel (Continued)

- (2) *In six months ended 30 June 2024, the Group did not have any retirement benefits for directors (six months ended 30 June 2023: none).*
- (3) *In six months ended 30 June 2024, there were no termination benefits for directors in the Group (six months ended 30 June 2023: none).*
- (4) *In six months ended 30 June 2024, the Group did not pay any consideration to third parties for obtaining director services (six months ended 30 June 2023: none).*
- (5) *In six months ended 30 June 2024, the Group did not make any loans, similar loans, or other transaction information benefiting directors, corporate entities controlled by directors, or related entities of such directors (six months ended 30 June 2023: none).*
- (6) *In six months ended 30 June 2024, the Group did not enter into any significant transactions, arrangements, or contracts related to the Group's business in which the Group's directors directly or indirectly have a material interest (six months ended 30 June 2023: none).*
- (7) *In six months ended 30 June 2024, the directors and supervisors who do not receive any remuneration from the Group have their remuneration paid by the shareholders of the Company and/or its subsidiaries, and the Group has not paid remuneration to these directors and supervisors.*

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

2. Related party transactions (Continued)

(5) Remuneration of key management personnel (Continued)

(8) The five highest-paid individuals

In six months ended 30 June 2024, the top five highest-paid individuals in the Group include one director (six months ended 30 June 2023: one director), whose remuneration is reflected in the table above; the aggregate remuneration amounts for the other four individuals (six months ended 30 June 2023: four individuals) are set out below:

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Basic salary, housing subsidies and other subsidies	703,269.61	768,270.00
Bonus		
Contributions to pension plans	65,880.00	61,248.96
Total	769,149.61	829,518.96

Item	Number of individuals	
	Six months ended 30 June 2024	Six months ended 30 June 2023
Range of remuneration: Within HKD1,000,000	4	4

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

3. Related party receivable and payable balances

(1) Accounts receivable

Related party	30 June 2024		31 December 2023	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Xinjiang Wuxin Copper Industry Co., Ltd.	733,915.29	84,209.32	301,201.70	301,201.70
Xinjiang Haoxin Lithium Salt Development Co., Ltd.	—	—	2,233,915.29	1,507,250.83
Fuyun Hengsheng Beryllium Industry Co., Ltd.	—	—	62,644.00	7,187.76
Total	733,915.29	84,209.32	2,597,760.99	1,815,640.29

(2) Other receivables

Related party	30 June 2024		31 December 2023	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Hami Jinhui Real Estate Development Co., Ltd.	—	—	9,140,420.20	372,183.66
Xinjiang Jinhui Real Estate Development Co., Ltd.	—	—	393,029.00	102,855.69
Xinjiang Hua'ou Mining Industry Co., Ltd.	154,247.75	3,882.46	368,010.42	11,483.00
Fuyun Hengsheng Beryllium Industry Co., Ltd.	204,832.06	6,256.27	184,888.22	5,647.12
Hami Hexin Mining Industry Co., Ltd.	128,373.39	651.73	128,373.39	29,434.61
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	—	—	74,911.14	2,809.17
Fuyun Xinshengtong Trade Co., Ltd.	55,488.00	2,080.80	55,488.00	2,080.80
Xinjiang Kunlun Blue Diamond Development Co., LTD	88,869.36	3,332.60	—	—
Xinjiang Zhanxin Fire Insulation Material Co., Ltd.	43,020.00	1,023.75	43,020.00	1,312.11
Xinjiang Nonferrous Metals Industry (Group) Co., Ltd.	16,500.00	503.97	16,500.00	503.97
Total	691,330.56	17,731.58	10,404,640.37	528,310.13

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

3. Related party receivable and payable balances (Continued)

(3) Prepayments

Related party	30 June 2024	31 December 2023
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	–	100,000.00
Total	–	100,000.00

(4) Accounts payable

Related party	30 June 2024	31 December 2023
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	332,400.00	41,263,664.79
Hami Hexin Mining Industry Co., Ltd.	32,792,826.05	23,627,819.58
Xinjiang Non-ferrous Metal Industry (Group) Lanzuan Trading Co., Ltd.	6,306,998.35	8,151,725.98
Fukang Nonferrous Metals Development Co., Ltd.	2,985,680.83	6,161,598.14
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	3,083,389.60	4,223,042.96
Xinjiang Quanxin Mining and Metallurgy Machinery Manufacturing Co., Ltd.	–	2,214,742.80
Xinjiang Huachuang Tianyuan Industrial Co., Ltd.	36,822.60	–
Fuyun Xinshengtong Trade Co., Ltd.	349,486.89	458,298.44
Xinjiang Dongsanhuan Trading Co., Ltd.	156,195.20	156,195.20
Xinjiang Non-ferrous Construction Inspection Centre Co., Ltd.	67,989.00	67,989.00
Western Gold Hami Gold Mine Co., Ltd.	–	45,467.52
Xinjiang Non-ferrous Metal Research Institute Co., Ltd.	27,200.00	30,800.00
Xinjiang Non-ferrous Metal Industry Group Rare Metal Co., Ltd.	10,300.00	10,300.00
Urumqi Congxin Human Resource Service Co., Ltd.	–	4,195.00
Total	46,149,288.52	86,415,839.41

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(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

3. Related party receivable and payable balances (Continued)

(5) Contract liabilities

Related party	30 June 2024	31 December 2023
Xinjiang Wuxin Copper Industry Co., Ltd.	1,912,302.68	1,912,302.68
Xinjiang Non-ferrous Metal Industry (Group) Lanzuan Trading Co., Ltd.	1,541,710.24	1,777,719.86
Fuyun Hengsheng Beryllium Industry Co., Ltd.	13,708.00	25,431.22
Total	3,467,720.92	3,715,453.76

(6) Other payables

Related party	30 June 2024	31 December 2023
Xinjiang Non-ferrous Metal Industry (Group) Quanxin Construction Co., Ltd.	81,197,299.20	96,113,936.10
Xinjiang Non-ferrous Metal Industry (Group) Fuyun Xingtong Service Co., Ltd.	644,815.99	644,815.99
Fukang Nonferrous Metals Development Co., Ltd.	500,000.00	500,000.00
Xinjiang Quanxin Mining and Metallurgy Machinery Manufacturing Co., Ltd.	500,000.00	500,000.00
Xinjiang Nonferrous Metals Industry (Group) Co., Ltd.	5,000.00	—
Shanxi Jinerxin Mining Co., Ltd	4,922,145.24	—
Shanxi Mingtai Engineering Construction Co., Ltd	3,834,074.13	—
Xinjiang Nonferrous Metals Group Mingyuan Real Estate Management Co., Ltd.	44,914.32	44,914.32
Xinjiang Huachuang Tianyuan Industrial Co., Ltd.	739.21	739.21
Total	91,648,988.09	97,804,405.62

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

X. RELATED PARTIES AND RELATED PARTY TRANSACTIONS (CONTINUED)

4. Others

In accordance with the trademark use right agreement signed with the Non-ferrous Group, the Group will use the trademark “Bo Feng” registered by the Non-ferrous Group for the period from 1 January 2019 to 2 March 2029 without compensation.

XI. SHARE-BASE PAYMENT

1. General information on share-based payment

According to the 2021 H-share Appreciation Rights Incentive Plan of Xinjiang Xinxin Mining Industry Co., Ltd. (“incentive plan”), which was resolved and approved by the Company’s general meeting held on 29 October 2021, the Company implemented the stock appreciation right incentive plan to 150 middle and senior management and other key personnel (“incentive recipients”) as determined, and granted a total of 63,500,000 stock appreciation rights to the incentive recipients. The exercise price of such stock appreciation rights is HKD1.58 per share, and the incentive recipients will exercise the rights in three installments within 36 months after serving 24 months from the date of registration (29 October 2021) if the company and the incentive recipients achieve the predetermined performance conditions, with exercise ratios of 33%, 33%, and 34% for each period. The stock appreciation rights are valid for a period of 5 years from 29 October 2021.

According to relevant provisions of the Incentive Plan and the authorization granted by the general meeting, the Board of the Company considered and approved the adjustments to the list of Participants, the number of Effective Equity Interests and the exercise price under the Incentive Plan on 31 May 2024, the number of grantees under the Incentive Plan of the Company was adjusted from 150 to 118, the number of effective interests was adjusted from 63,500,000 to 43,985,000; and the exercise price was adjusted from HKD1.58 per share to HKD1.36 per share.

Stock options or other equity instruments issued and outstanding at the end of the period

Category of grant recipients	Share options issued and outstanding at the end of the period		Other equity instruments issued and outstanding at the end of the period	
	Range of exercise prices	Remaining term of contract	Range of exercise prices	Remaining term of contract
Middle and senior management and other key personnel	HKD1.36	The incentive plan shall be valid for a period of five years from the date of registration of the initial grant	–	–

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XI. SHARE-BASE PAYMENT (CONTINUED)

2. Cash-settled share-based payments

Item	Current period
Method of determining the fair value of liabilities assumed by the Company and determined by calculations based on shares or other equity instruments	Black – Scholes – Merton (BSM) model
Significant parameters of the fair value of liabilities assumed by the Company and determined by calculations based on shares or other equity instruments	Risk-free rate, volatility, dividend yield ratio
Amount of accumulated liability arising from cash-settled share-based payments in liabilities	433,016.01

3. Share-based payment expense during the period

Category of grant recipients	Equity-settled share-based payment expenses	Cash-settled share-based payment expenses
Middle and senior management personnel and other core backbone personnel	–	304,355.10
Total	–	304,355.10

XII. SEGMENT INFORMATION

The Group is principally engaged in the mining, separation, smelting and refining of copper and nickel ores, and the processing and sale of copper, nickel and other non-ferrous metals. Based on the Group's internal organizational structure, management requirements, internal reporting system, and the provisions of Interpretation of the Accounting Standards for Business Enterprises No. 3 for enterprises to report segment information, management considers the Group as a whole to be one operating segment.

In six months ended 30 June 2024 and six months ended 30 June 2023, the Group's sales operations were conducted in China, and the Group's assets and liabilities were also in China.

In six months ended 30 June 2024, the sales revenue of the top three customers of the Group accounted for 24%, 20%, and 14% of the Group's total sales revenue, respectively. (In six months ended 30 June 2023: 37%, 23%, and 17%).

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XIII. COMMITMENTS AND CONTINGENCIES

1. Commitments for capital expenditure

As of 30 June 2024, the Group had no capital expenditure commitments contracted for and not yet required to be presented on the balance sheet.

2. Contingencies

(1) Environmental contingencies

Historically, the Group has not incurred any significant expenditure on environmental issues. In addition, apart from those disclosed in Note V. 37, the Group is currently not involved in any environmental incidents, nor has any provisions been made for environmental compensation related to operations. Under existing legal provisions, management believes that there will be no potential liabilities that would have a significant adverse impact on the financial condition or operating performance of the Group. The Chinese government, however, may move further towards the adoption of more stringent environmental protection 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) the cost of various remediation strategies; (iv) changes in environmental remediation requirements; and (v) the identification of new sites requiring remediation. 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 legislation cannot reasonably be estimated at present and could be material.

(2) Insurance

The Group purchases personal accident injury commercial insurance for its employees working underground and commercial insurance for its underground mining equipment. However, such insurance may not be sufficient to cover the potential future losses. Although the possible impact of underinsurance on future contingencies cannot be reasonably anticipated at this time, management believes that the above events could have a material adverse effect on the Group's operating performance or financial condition.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XIII. COMMITMENTS AND CONTINGENCIES (CONTINUED)

2. Contingencies (Continued)

(3) Provision of guarantees

Please refer to Note X. 2. (4) for details.

(4) Pending litigation

According to the Water Supply Agreement signed on 12 September 2017 with the Sheyuegou Reservoir Construction Management Station (hereinafter referred to as Sheyuegou Construction Management Station) in Hami City (under the jurisdiction of Hami Water Resources Bureau), and the Notice Regarding the Collection of Sheyuegou Reservoir Project Funds issued by Hami Water Resources Bureau on 28 August 2009, Xinjiang Yakesi, a subsidiary of the Company, has prepaid a total of RMB42,239,500.00 in water fees (The prepaid water fee is offset against the prepaid amount at a price of RMB2.5/m³).

As of 31 July 2018, the Sheyuegou Reservoir was damaged, the advance payment of RMB24,004,234.58 had been offset, and the remaining RMB18,235,265.42 had not been offset. On 1 September 2018, Xinjiang Yakesi and Yizhou District Industrial Reservoir Management Terminal (hereinafter referred to as Yizhou District Reservoir Terminal) (under the jurisdiction of Hami Water Resources Bureau) signed the "Water Use Agreement". The agreement stipulates that the Yizhou District Reservoir Terminal will build its pipeline for water distribution, and Xinjiang Yakesi needs to pay RMB28,000,000.00 in advance for water (the pre-paid water fee will be offset by the pre-payment price of RMB2.5/m³). The water supply period is from 30 October 2018 to the time when the prepaid water fee is fully offset. Due to the restructuring of the Hami Water Resources Bureau, it was changed to the Yizhou District Water Conservancy Bureau of Hami City, and the Sheyuegou Reservoir Construction Management Station in Hami City and the Yizhou District Reservoir Terminal were allocated to the Water Supply Branch of Xinjiang Hami East Tianshan Water Group Co., Ltd. (hereinafter referred to as the East Tianshan Water Company). In February 2022, East Tianshan Water Company stated that it recognize only the prepayment of RMB28,000,000.00 as agreed in the 2018 Water Use Agreement between Xinjiang Yakesi and Yizhou District Reservoir Terminal, and the RMB6,964,767.50 of water charges that have not yet been offset, and does not recognize the water charges of RMB18,235,265.42 prepaid prior to 2018 and have not yet been offset.

As no agreement was reached on the prepaid water charges of RMB18,235,265.42, which had not been offset, Xinjiang Yakesi filed a lawsuit with the Hami Railway Transportation Court, requesting to order the Yizhou District Reservoir Terminal, Hami Water Resources Bureau, East Tianshan Water Company, and Yizhou District Water Conservancy Bureau of Hami City to jointly return the prepaid water fees of RMB18,235,265.42, and pay capital occupation interest in the amount of RMB6,643,731.45 and the capital occupation interest calculated on the basis of the amount owed at the five-year LPR rate from 21 December 2023 until the water bill is repaid. The Hami Railway Transportation Court has filed a case for acceptance in February 2024 and gone through two court hearings, and as of now no judgment has been made.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XIV. EVENTS AFTER THE BALANCE SHEET DATE

The Group has no other post-balance sheet events that require disclosure or adjustment.

XV. OTHER IMPORTANT EVENTS

As at the balance sheet date, the Group had no other material transactions and events requiring disclosure that would have an impact on investors' decisions.

XVI. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS

1. Accounts receivable

(1) Accounts receivable presented by aging

Aging	30 June 2024	31 December 2023
Within 1 year (including 1 year)	24,799,907.71	117,567,221.75
1-2 years	—	459,944.88
2-3 years	157,815.75	310,050.12
3-4 years	—	310,050.12
4-5 years	—	310,050.12
Over 5 years	2,516,187.28	3,508,974.67
Total	27,473,910.74	122,466,291.66

(2) Presentation of accounts receivable by bad debt accrual method

Type	30 June 2024				Book value
	Book balance Amount	Ratio (%)	Bad debt provision Amount	Accrual ratio (%)	
Bad debt provision on an individual basis	—	—	—	—	—
Bad debt provision by portfolio	27,473,910.74	100.00	2,816,950.60	10.25	24,656,960.14
Including: related parties portfolio	733,915.29	2.67	84,209.32	11.47	649,705.97
Unrelated party portfolio	26,739,995.45	97.33	2,732,741.28	10.22	24,007,254.17
Total	27,473,910.74	100.00	2,816,950.60	10.25	24,656,960.14

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XVI. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(2) Presentation of accounts receivable by bad debt accrual method (Continued)

(Continued)

Type	Book balance Amount	31 December 2023		Accrual ratio (%)	Book value
		Ratio (%)	Bad debt provision Amount		
Bad debt provision on an individual basis	—	—	—	—	—
Bad debt provision by portfolio	122,466,291.66	100.00	4,715,983.40	3.85	117,750,308.26
Including: related parties portfolio	2,535,116.99	2.07	1,808,452.52	71.34	726,664.47
Unrelated party portfolio	119,931,174.67	97.93	2,907,530.88	2.42	117,023,643.79
Total	122,466,291.66	100.00	4,715,983.40	3.85	117,750,308.26

1) Bad debt provision for accounts receivable by portfolio

Portfolio – Related party customers

Aging	30 June 2024		
	Book balance	Lifetime expected credit loss rate (%)	Bad debt provision
Not overdue	—	—	—
1-6 months overdue	—	—	—
7-18 months overdue	733,915.29	11.47	84,209.32
More than 18 months overdue	—	—	—
Total	733,915.29	11.47	84,209.32

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XVI. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(2) Presentation of accounts receivable by bad debt accrual method (Continued)

1) Bad debt provision for accounts receivable by portfolio (Continued)

(Continued)

Aging	Book Balance	31 December 2023 Lifetime expected credit loss rate (%)	Bad debt provision
Not overdue	310,050.12	11.47	35,562.75
1-6 months overdue	–	–	–
7-18 months overdue	310,050.12	37.69	116,857.89
More than 18 months overdue	1,915,016.75	86.48	1,656,031.88
Total	2,535,116.99	71.34	1,808,452.52

Portfolio – Non-related party customers

Aging	Book balance	30 June 2024 Lifetime expected credit loss rate (%)	Bad debt provision
Not overdue	24,065,992.41	0.25	59,249.00
1-6 months overdue	–	–	–
7-18 months overdue	–	–	–
More than 18 months overdue	2,674,003.04	99.98	2,673,492.28
Total	26,739,995.45	10.22	2,732,741.28

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XVI. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(2) Presentation of accounts receivable by bad debt accrual method (Continued)

1) Bad debt provision for accounts receivable by portfolio (Continued)

Portfolio – Non-related party customers (Continued)

Aging	Book Balance	31 December 2023 Lifetime expected credit loss rate (%)	Bad debt provision
Not overdue	117,257,171.63	0.25	293,142.93
1-6 months overdue	–	–	–
7-18 months overdue	149,894.76	60.23	90,279.67
More than 18 months overdue	2,524,108.28	100.00	2,524,108.28
Total	119,931,174.67	2.42	2,907,530.88

(3) Provisions for bad debts on accounts receivable accrued, recovered, and reversed during the period

Type	Opening balance	Accrual	Changes in current period Recovery or reversal	Charge-offs or write-offs	Others	30 June 2024
Bad debt provision by portfolio	4,715,983.40	-1,899,032.80	–	–	–	2,816,950.60
Total	4,715,983.40	-1,899,032.80	–	–	–	2,816,950.60

(4) Accounts receivable actually written off during the period

No write-offs of accounts receivable occurred during this period.

(5) Accounts receivable pledged

As at 30 June 2024 and 31 December 2023, the Company had no accounts receivable pledged to banks as guarantee for obtaining loans.

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XVI. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

1. Accounts receivable (Continued)

(6) Accounts receivable with top five closing balances by debtors

	Closing balance of accounts receivable	Ratio of the total closing balance of accounts receivable	Closing balance of bad debt provision for accounts receivable
Total accounts receivable with top five balances	25,943,743.70	94.43	1,353,374.63

2. Other receivables

Item	30 June 2024	31 December 2023
Interest receivable	42,783,750.00	41,327,750.00
Dividends receivable		18,000,000.00
Other receivables	31,047,988.33	14,271,702.99
Total	73,831,738.33	73,599,452.99

2.1 Interest receivable

(1) Classification of interest receivable

Item	30 June 2024	31 December 2023
Entrusted loans	42,783,750.00	41,327,750.00
Total	42,783,750.00	41,327,750.00

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XVI. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.2 Dividends receivable

(1) Classification of dividends receivable

Investee	30 June 2024	31 December 2023
Xinjiang Kalatongke Mining Co., Ltd.	—	18,000,000.00
Total	—	18,000,000.00

2.3 Other receivables

(1) Other receivables categorized by nature of payment

Nature of payment	30 June 2024	31 December 2023
Social security advances receivable from related parties	14,508,721.25	12,496,633.13
Social Security advances receivable	1,482,898.43	491,159.49
Others	15,740,848.57	1,702,654.95
Total	31,732,468.25	14,690,447.57

(2) Other receivables presented by aging

Aging	30 June 2024	31 December 2023
Within 1 year (including 1 year)	18,991,280.56	1,678,907.28
1-2 years	259,306.00	562,407.64
2-3 years	511,750.54	624,527.50
3-4 years	1,333,297.30	1,352,924.30
4-5 years	1,260,462.75	4,110,711.29
Over 5 years	9,376,371.10	6,360,969.56
Total	31,732,468.25	14,690,447.57

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XVI. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method

Type	30 June 2024				
	Book balance Amount	Ratio (%)	Bad debt provision Amount	Accrual ratio (%)	Book value
Bad debt provision on an individual basis	–	–	–	–	–
Bad debt provision by portfolio	31,732,468.25	100.00	684,479.92	2.16	31,047,988.33
Including: related parties portfolio	14,508,721.25	45.72	4,598.93	0.03	14,504,122.32
Unrelated party portfolio	17,223,747.00	54.28	679,880.99	3.95	16,543,866.01
Total	31,732,468.25	100.00	684,479.92	2.16	31,047,988.33

Type	31 December 2023				
	Book balance Amount	Ratio (%)	Bad debt provision Amount	Accrual ratio (%)	Book value
Bad debt provision on an individual basis	–	–	–	–	–
Bad debt provision by portfolio	14,690,447.57	100.00	418,744.58	2.85	14,271,702.99
Including: related parties portfolio	13,392,111.93	91.16	143,699.65	1.07	13,248,412.28
Unrelated party portfolio	1,298,335.64	8.84	275,044.93	21.18	1,023,290.71
Total	14,690,447.57	100.00	418,744.58	2.85	14,271,702.99

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XVI. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method (Continued)

1) Bad debt provision for other receivables by portfolio

Aging	30 June 2024		Accrual ratio (%)
	Book Balance	Bad debt provision	
Within 1 year (including 1 year)	18,991,280.56	459,081.76	2.42
1-2 years	259,306.00	—	—
2-3 years	511,750.54	24,269.56	4.74
3-4 years	1,333,297.3	63,773.29	4.78
4-5 years	1,260,462.75	120,406.29	9.55
Over 5 years	9,376,371.10	16,949.02	0.18
Total	31,732,468.25	684,479.92	2.16

(Continued)

Aging	31 December 2023		Accrual ratio (%)
	Book Balance	Bad debt provision	
Within 1 year (including 1 year)	1,678,907.28	30,277.82	1.80
1-2 years	562,407.64	—	—
2-3 years	624,527.50	213,070.75	34.12
3-4 years	1,352,924.30	163,107.81	12.06
4-5 years	4,110,711.29	6,399.49	0.16
Over 5 years	6,360,969.56	5,888.71	0.09
Total	14,690,447.57	418,744.58	2.85

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XVI. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(3) Presentation of other receivables by bad debt accrual method (Continued)

- 2) Bad debt provision for other receivables by the general model of expected credit losses

Bad debt provision	Stage 1 Expected credit loss over the next 12 months	Stage 2 Lifetime expected credit loss (not credit- impaired)	Stage 3 Lifetime expected credit loss (credit- impaired)	Total
Balance as at 1 January 2024	418,744.58	-	-	418,744.58
Balance in current period as at 1 January 2024	-	-	-	-
Transferred to Stage 2	-	-	-	-
Transferred to Stage 3	-	-	-	-
Transferred back to Stage 2	-	-	-	-
Transferred back to Stage 1	-	-	-	-
Accrual in current period	265,735.34	-	-	265,735.34
Reversal in current period	-	-	-	-
Charge-offs in current period	-	-	-	-
Write-offs in current period	-	-	-	-
Other changes	-	-	-	-
Balance as at 30 June 2024	684,479.92	-	-	684,479.92

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XVI. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

2. Other receivables (Continued)

2.3 Other receivables (Continued)

(4) Provisions for bad debts on other receivables accrued, recovered, and reversed during the period

Type	31 December 2023	Changes in current period			Others	30 June 2024
		Accrual	Recovery or reversal	Charge-offs or write-offs		
Bad debt provision by portfolio	418,744.58	265,735.34	–	–	–	684,479.92
Total	418,744.58	265,735.34	–	–	–	684,479.92

(5) Other receivables actually written off during the period

There were no write-offs of other receivables during this period.

(6) Other receivables with significant closing balances by debtors

Name of the organization	Nature of payment	30 June 2024	Aging	Ratio of the total closing balance of other receivables (%)	Closing balance of bad debt provision
Xinjiang Uygur Autonomous Region Government Affairs Service and Public Resources Trading Center	Current money	15,000,000.00	Within 1 year	47.27	408,773.00
Shaanxi Xinxin Mining Co., Ltd.	Current money	2,639,289.29	Within 1 year, 1-2 years, 2-3 years, 3-4 years, 4-5 years, over 5 years	39.83	–
Xinjiang Kalatongke Mining Co., Ltd.	Current money	1,503,917.97	Within 1 year	4.74	
Gansu Jiugang Group Hongxing Iron and Steel Co., Ltd.	Current money	150,000.00	4-5 years	0.47	100,762.34
Hu Xinjun	Other	14,352.00	Within 1 year	0.05	391.11
Total	–	29,307,559.26	–	92.36	509,926.45

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XVI. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments

Item	Book Balance	30 June 2024 Provision for impairment	Book value
Investments in subsidiaries	2,510,131,420.87	198,659,156.75	2,311,472,264.12
Investments in associates and joint ventures	204,801,740.27	–	204,801,740.27
Total	2,714,933,161.14	198,659,156.75	2,516,274,004.39

(Continued)

Item	Book Balance	31 December 2023 Provision for impairment	Book value
Investments in subsidiaries	2,510,131,420.87	198,659,156.75	2,311,472,264.12
Investments in associates and joint ventures	204,128,141.79	–	204,128,141.79
Total	2,714,259,562.66	198,659,156.75	2,515,600,405.91

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XVI. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

3. Long-term equity investments (Continued)

(1) Investments in subsidiaries

Investee	Changes in the current period							Closing balance of impairment provision
	31 December 2023 (Book value)	Opening balance of impairment provision	Increase in investment	Decrease in investment	Provision for impairment	Others	30 June 2024 (Book value)	
Xinjiang Kalatongke Mining Co., Ltd.	1,230,000,000.00	-	-	-	-	-	1,230,000,000.00	-
Xinjiang Yakesi Resources Co., Ltd.	720,171,915.12	-	-	-	-	-	720,171,915.12	-
Hami Jubao Resources Development Co., Ltd.	206,100,349.00	-	-	-	-	-	206,100,349.00	-
Beijing Xinding Shunze Hi Tech Co., Ltd.	145,000,000.00	-	-	-	-	-	145,000,000.00	-
Shaanxi Xinxin Mining Co., Ltd.	80,000,000.00	80,000,000.00	-	-	-	-	80,000,000.00	80,000,000.00
Xinjiang Zhongxin Mining Co., Ltd.	118,659,156.75	118,659,156.75	-	-	-	-	118,659,156.75	118,659,156.75
Xinjiang Mengxi Mining Industry Co., Ltd.	10,200,000.00	-	-	-	-	-	10,200,000.00	-
Total	2,510,131,420.87	198,659,156.75		-	-	-	2,510,131,420.87	198,659,156.75

(2) Investments in joint ventures

Investee	31 December 2023 (Book value)	Opening balance of impairment provision	Increase in investment	Decrease in investment	Changes in the current period					30 June 2024 (Book value)	Closing balance of impairment provision	
					Gains and losses on investments recognized under the equity method	Adjustments of other comprehensive income	Other changes in equity	Cash dividends or profits declared	Provision for impairment			Others
Hami Hexin Mining Industry Co., Ltd.	204,128,141.79	-	-	-	194,774.95	-	478,823.53	-	-	-	204,801,740.27	-
Subtotal	204,128,141.79	-	-	-	194,774.95	-	478,823.53	-	-	-	204,801,740.27	-

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XVI. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales

(1) Details of revenue and cost of sales

Item	Six months ended 30 June 2024		Six months ended 30 June 2023	
	Revenue	Cost	Revenue	Cost
Main operation	972,380,103.76	811,046,267.77	702,632,293.86	546,396,745.07
Other operations	3,120,442.51	444,769.93	3,676,419.46	734.24
Total	975,500,546.27	811,491,037.70	706,308,713.32	546,397,479.31

(2) Revenue and cost of sales from the main operation

Item	Six months ended 30 June 2024		Six months ended 30 June 2023	
	Revenue from main operation	Cost of sales from main operation	Revenue from main operation	Cost of sales from main operation
Nickel cathode	531,526,235.51	475,474,704.30	592,300,939.74	446,949,590.92
Copper cathode	208,800,500.55	187,171,067.35	88,402,038.46	85,277,383.00
Others	232,053,367.70	148,400,496.12	21,929,315.66	14,169,771.15
Total	972,380,103.76	811,046,267.77	702,632,293.86	546,396,745.07

NOTES TO FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

XVI. NOTES TO THE PRINCIPAL ITEMS OF THE COMPANY'S FINANCIAL STATEMENTS (CONTINUED)

4. Revenue and cost of sales (Continued)

(3) Revenue and cost of sales from other operations

	Six months ended 30 June 2024		Six months ended 30 June 2023	
	Revenue from other operation	Cost of sales from other operations	Revenue from other operation	Cost of sales from other operations
Others	3,120,442.51	444,769.93	3,676,419.46	734.24
Total	3,120,442.51	444,769.93	3,676,419.46	734.24

(4) Information related to performance obligations

The Group's sales of electrolytic nickel and copper cathode are all performed at a point in time according to the sales contract. As for the performance obligations performed at a point in time, revenue is recognized when the customer obtains control.

5. Investment income

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Income from long-term equity investments accounted for under the cost method	—	—
Income from long-term equity investments accounted for under the equity method	194,774.95	225,463.28
Total	194,774.95	225,463.28

SUPPLEMENTARY INFORMATION TO THE FINANCIAL STATEMENTS (UNAUDITED)

1 January 2024 - 30 June 2024

(Unless indicated otherwise, all amounts are expressed in RMB)

1. STATEMENT OF NON-RECURRING GAINS AND LOSSES FOR THE PERIOD

Item	Six months ended 30 June 2024	Six months ended 30 June 2023
Investment income from disposal of available for sale financial assets	117,926.03	142,502.74
Government grants recognized in the current profit or loss (except for government grants that are closely related to the Company's normal operating business, in accordance with national policies, enjoyed in accordance with defined standards, and have a continuous impact on the Company's profit or loss)	12,138,433.75	3,808,509.85
Gains and losses on debt restructuring	161,263.33	–
Non-operating income and expenses other than those mentioned above	992,165.01	-196,505.43
Subtotal	13,409,788.12	3,754,507.16
Less: Effect of the income tax	2,017,364.52	548,926.57
Effect of non-controlling interests (after tax)	47,278.68	73,491.71
Total	11,345,144.92	3,132,088.88

2. RETURN ON NET ASSETS AND EARNINGS PER SHARE

	Weighted average return on net assets (%)		Earnings per share (RMB/share)			
			Basic earnings per share		Diluted earnings per share	
	Six months ended 30 June 2024	Six months ended 30 June 2023	Six months ended 30 June 2024	Six months ended 30 June 2023	Six months ended 30 June 2024	Six months ended 30 June 2023
Net profit attributable to ordinary shareholders of the parent company	2.64%	3.04%	0.066	0.077	0.066	0.077
Net profit attributable to ordinary shareholders of the parent company after deducting non-recurring gains and losses	2.44%	2.99%	0.061	0.076	0.061	0.076