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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

DISCLOSEABLE TRANSACTION IN RELATION TO THE PROVISION OF GUARANTEE

PROVISION OF GUARANTEE

On 17 December 2019, the Company, as a guarantor, entered into the Guarantee Agreement in favour of the Bank, pursuant to which the Company agreed to provide guarantee, in proportion to its equity holding in Hami Hexin (a joint venture owned as to 50% equity interests by each of the Company and Qinghai Precious Metal), for the due performance of the repayment obligations of Hami Hexin to the Bank up to RMB13.5 million in respect of the Loan in the amount of RMB27 million granted by the Bank. The Loan will be utilised for daily business operation and supplementing the working capital of Hami Hexin.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Bank and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect to the provision of the Guarantee, together with the amount of guarantees provided by the Company to the Creditors of Hami Hexin within 12 months from the date of the Guarantee Agreement, are in aggregate more than 5% but less than 25% and all other applicable percentage ratios are less than 5%, it constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

PROVISION OF GUARANTEE

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Principal terms of the Guarantee Agreement

Date: 17 December 2019

Parties: (1) the Company; and
(2) the Bank.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Bank and its ultimate beneficial owner(s) are third parties independent of the Company and its connected persons.

Scope of Guarantee: the Loan principal amount of RMB13.5 million and the interest (including compound interest and penalty interest), liquidated damages, damages, other expenses that shall be payable by Hami Hexin to the Bank (including but not limited to the relevant handling fee, telecommunication fee, miscellaneous fee and related bank charges that the beneficiaries outside the PRC refuse to bear, etc.) and the expense incurred by the Bank from realization of debt and guarantee rights (including but not limited to litigation cost, arbitration costs, property security fees, travel expenses, execution fees, valuation fees, auction fees, notary fees, delivery charges, announcement fees, legal fees, etc.)

Term of the Guarantee: commencing from the effective date of the Guarantee Agreement and ending on the date of three years after the expiry of the repayment obligation of the debts under the Loan Agreement

Method of the Guarantee: joint and several liability

EFFECTIVE DATE OF THE GUARANTEE AGREEMENT

The Guarantee Agreement becomes effective when it is duly signed by both parties or the parties' company seals have been duly affixed thereon.

REASONS AND BENEFITS OF THE PROVISION OF GUARANTEE

As the Loan granted to Hami Hexin by the Bank is RMB27 million, the Guarantee provided by the Company, being RMB13.5 million, is in proportion to its equity interest in Hami Hexin. The other joint venture partner, Qinghai Precious Metal, has also agreed to provide guarantee for the repayment obligation of Hami Hexin to the Bank under the same terms and conditions.

The Directors consider that the provision of the Guarantee can facilitate Hami Hexin meeting its financial needs in fulfilling the working capital requirement for the mining of mineral resources in the Hami Tularergen area, Xinjiang (新疆哈密圖拉爾根銅鎳礦), which is expected to provide the Company with abundant nickel and copper raw materials for its production of major products and thereby benefiting the Company in the development of its principal business, and in line with its business strategy and overall interest.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Guarantee Agreement are on normal commercial terms, are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION RELATING TO THE COMPANY, THE BANK AND HAMI HEXIN

Information relating to the Company

The Company is principally engaged in the mining, ore processing, smelting and refining of nickel, copper and other non-ferrous metals, which include cobalt and precious metals such as gold, silver, platinum and palladium.

Information relating to Hami Hexin

Hami Hexin is a company established in the PRC and is a joint venture of the Company and Qinghai Precious Metal. Each of the Company and Qinghai Precious Metal holds 50% equity interest in Hami Hexin. Hami Hexin is currently engaging in the development and production of the mineral resources in the Hami Tulaergen area, Xinjiang. Hami Hexin is not a connected person of the Company.

Information relating to the Bank

The Bank is a financial institution established in the PRC.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect to the provision of the Guarantee under the Guarantee Agreement, together with the amount of guarantees provided by the Company to the Creditors of Hami Hexin within 12 months from the date of the Guarantee Agreement, are in aggregate more than 5% but less than 25% and all other applicable percentage ratios are less than 5%, it constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements but exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Bank”	Urumqi Mingyuan Sub-branch of China Construction Bank Co., Ltd.* (中國建設銀行股份有限公司烏魯木齊明園支行), a financial institution established in the PRC
“Board”	the board of Directors
“Company”	Xinjiang Xinxin Mining Industry Co., Ltd.* (新疆新鑫礦業股份有限公司), joint stock limited company incorporated in the PRC with limited liability, the H Shares of which are listed on the Stock Exchange
“Creditors”	the Bank, Urumqi Branch of China CITIC Bank Corporation Limited* (中信銀行股份有限公司烏魯木齊分行), Xinjiang District Branch of Bank of Communications Co., Ltd.* (交通銀行股份有限公司新疆區分行), Urumqi Branch of Industrial Bank Co., Ltd.* (興業銀行股份有限公司烏魯木齊分行) and Hami City Commercial Bank Co., Ltd.* (哈密市商業銀行股份有限公司)
“Directors”	directors of the Company
“Guarantee”	guarantee provided by the Company under the Guarantee Agreement
“Guarantee Agreement”	the guarantee agreement dated 17 December 2019 entered into between the Company and the Bank, pursuant to which the Company agrees to guarantee the repayment obligations of Hami Hexin to the Bank up to RMB13.5 million in respect of the Loan

“Hami Hexin”	Hami Hexin Mining Company Limited* (哈密和鑫礦業有限公司), a limited liability company established in the PRC on 26 October 2006, which is held as to 50% by each of the Company and Qinghai Precious Metal
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Loan”	loan facility in the aggregate principal amount of RMB27 million granted by the Bank to Hami Hexin under the Loan Agreement
“Loan Agreement”	the loan agreement dated 17 December 2019 entered into between the Bank and Hami Hexin in respect of the grant of the Loan by the Bank to Hami Hexin
“PRC”	the People’s Republic of China (for the purpose of this Announcement, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC)
“Qinghai Precious Metal”	Qinghai Western Precious Metal Company Limited* (青海西部稀貴金屬有限公司), a company incorporated in the PRC with limited liability
“Shareholders”	shareholders of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

By order of the Board
Xinjiang Xinxin Mining Industry Co., Ltd.*
Zhang Junjie, Lam Cheuk Fai
Joint Company Secretaries

Xinjiang, the PRC, 17 December 2019

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

* For identification purpose only