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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)

CONNECTED TRANSACTION IN RELATION TO THE LEASE AGREEMENT

LEASE AGREEMENT

On 29 October 2021, the Company (as lessee) and Xinjiang Research Institute (as lessor) entered into the Lease Agreement for the lease of the Property, for a term of 3 years from 1 January 2022 to 31 December 2024. The Company leased the Property for office use.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Xinjiang Non-ferrous is the controlling shareholder (as defined in the Listing Rules) of the Company and is beneficially interested in approximately 40.06% of the entire issued share capital of the Company and Xinjiang Research Institute is a wholly-owned subsidiary of Xinjiang Non-ferrous. As such, Xinjiang Non-ferrous and Xinjiang Research Institute are connected persons of the Company.

In accordance with CAS 21 applicable to the Company, the transaction under the Lease Agreement shall be presented separately by the lessee as the right-of-use assets and lease liabilities in the balance sheet. As such, the transaction under the Lease Agreement will constitute an one-off connected transaction of the Company under Chapter 14A of the Listing Rules.

Taking into account the short term lease of 5 months entered into between the Company and Xinjiang Research Institute in respect of the Property with effect from 1 August 2021, which in itself constitutes a de minimis transaction under the Listing Rules at the material time, as the highest of the applicable percentage ratios in relation to the transaction contemplated under the Lease Agreement exceeds 0.1% but is less than 5%, the transaction is only subject to reporting and announcement requirements but is exempt from the independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules.

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Material terms of the Lease Agreement

Date

29 October 2021

Parties

- (1) Xinjiang Research Institute, as lessor; and
- (2) the Company, as lessee.

Property

The Property with the gross floor area of 2,796.28 square metres is located in the Economic and Technological Development Zone, Urumqi, which shall be used by the Company for office use.

Term

A term of 3 years commencing from 1 January 2022 and expiring on 31 December 2024

Consideration and payment terms

The Company shall pay rent and property management fees to Xinjiang Research Institute in an aggregate amount of approximately RMB3.77 million for the full term of the lease under the Lease Agreement, which was determined through arm's length negotiations by the Parties with reference to (i) the gross floor area of the Property; and (ii) comparable market prices for properties in proximity and similar size.

The rent and property management fees per annum is approximately RMB1.26 million in aggregate and the rent and property management fees shall be paid on an annual and quarterly basis, respectively. For the year commencing from 1 January 2022 to 31 December 2022, the rent shall be paid in January of the year after the signing of the Lease Agreement (i. e. January 2022). For the years commencing from 1 January 2023 to 31 December 2024, the rent shall be paid at the end of each year. Property management fees shall be paid at the end of each quarter.

INFORMATION OF THE PROPERTY

The Property with a total gross floor area of 2,796.28 square metres is located in the Economic and Technological Development Zone, Urumqi, for the purpose of office use. Pursuant to CAS 21 and taking into account the short term lease of 5 months entered into between the Company and Xinjiang Research Institute in respect of the Property with effect from 1 August 2021, the Property will be recognized by the Company as right-of-use assets, of which the total value is approximately RMB3.88 million, which was measured at the present value of the lease payments, discounted using the lessee's incremental borrowing rate as at 1 August 2021 (i.e. the date of initial application) and making adjustments in accordance with the previously recognized provisions made for the lease payments in relation to the lease.

REASONS FOR AND BENEFITS OF ENTERING INTO THE LEASE AGREEMENT

The original premise leased by the Company for office use was located at a residential and commercial complex with gross floor area of 1,175.72 square metres while the Property is located at an office building within a commercial district solely for office use purpose with gross floor area of 2,796.28 square metres. The Property therefore provides more office space to accommodate the increasing number of staff of the Company, as well as providing commuting convenience to its employees and better corporate image.

In light of the above, the Directors (including the independent non-executive Directors) are of the view that the terms of the Lease Agreement are normal commercial terms and are fair and reasonable, and the transactions contemplated under the Lease Agreement are in the interests of the Company and the Shareholders as a whole.

GENERAL

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.

Xinjiang Research Institute is principally engaged in the research and development, production, sales and commissioned processing of rare earth metals, non-ferrous metals and precious metal products as well as providing related technical consulting services, property and premise leasing and property services. It is a limited liability company established in the PRC and a wholly-owned subsidiary of Xinjiang Non-ferrous.

BOARD'S APPROVAL

Mr. Zhang Guohua, Mr. Guo Quan, Mr. Yu Wenjiang and Mr. Qi Xinhui have abstained from voting on the Board resolution approving the Lease Agreement since Mr. Zhang Guohua is the chairman of the board of directors and legal representative of Xinjiang Non-ferrous to sign any deeds, material contracts and other material documents of Xinjiang Non-ferrous; Mr. Guo Quan is the deputy general manager of Xinjiang Non-ferrous; and Mr. Yu Wenjiang and Mr. Qi Xinhui are the secretary to the Party Committee and deputy secretary to the Party Committee of the Company, respectively. The secretary to the Party Committee and deputy secretary to the Party Committee of the Company are both appointed directly by Xinjiang Non-ferrous.

Save as mentioned above, no other Director has a material interest in the transactions and hence no other Director has abstained from voting on the board resolution approving the Lease Agreement.

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DEFINITIONS

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

“Board or Board of Directors”	the board of directors of the Company
“CAS”	Chinese Accounting Standard
“Company”	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 PRC with limited liability, the H Shares of which are listed on the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“connected transaction”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Lease Agreement”	the lease agreement entered into between the Company (as lessee) and Xinjiang Research Institute (as lessor) in relation to the lease of the Property on 29 October 2021
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People's Republic of China, but for the purposes of this circular only, excludes the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan

“RMB”	Renminbi yuan, the lawful currency of the PRC
“Property”	the premises located at Levels 5 and 6 (whole level), the Science and Technology R&D Building, Non-ferrous Metal High-tech Industrialization Base, 501 Ronghe South Road, Economic and Technological Development Zone Cooperation Zone, Urumqi, Xinjiang with existing facilities
“Share(s)”	ordinary share(s) with a nominal value of RMB0.25 each in the share capital of the Company, including both the H Shares and the Domestic Shares
“Shareholder(s)”	holder(s) of the Shares in the registers of members of the Company as from time to time
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under section 2 of the Companies Ordinance (Chapter 32, Laws of Hong Kong)
“Xinjiang Non-ferrous”	Xinjiang Non-ferrous Metal Industry (Group) Ltd.* (新疆有色金屬工業(集團)有限責任公司), a wholly state-owned enterprise with limited liability and incorporated in the PRC, being one of the promoters and the controlling shareholder of the Company
“Xinjiang Research Institute”	Xinjiang Research Institute of Non-ferrous Metals (新疆有色金屬研究所), a limited liability company established in the PRC and a wholly-owned subsidiary of Xinjiang Non-ferrous

“VAT” value-added tax

“%” per cent

By Order of the Board
Xinjian Xinxin Mining Industry Co., Ltd. *
Li Zhenzhen, Lam Cheuk Fai
Joint Company Secretaries

Xinjiang, the PRC, 29 October 2021

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

* *For identification purpose only*