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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

(I) CONTINUING CONNECTED TRANSACTIONS – (1) RENEWED COMPREHENSIVE SERVICES AGREEMENT (2) RENEWED MUTUAL SUPPLY AGREEMENT; AND (II) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

(I) CONTINUING CONNECTED TRANSACTIONS

Reference is made to the continuing connected transactions under the Existing Comprehensive Services Agreement and the Existing Mutual Supply Agreement, among other things, as set out in the Announcement.

Since the term of each of the Existing Comprehensive Services Agreement and the Existing Mutual Supply Agreement will expire on 31 December 2021, (1) Kalatongke Mining entered into the Renewed Comprehensive Services Agreement with Fuyun Xingtong on 29 October 2021 for the provision of supporting services by Fuyun Xingtong to Kalatongke Mining; and (2) the Company entered into the Renewed Mutual Supply Agreement with Xinjiang Non-ferrous on 29 October 2021 for the continuing provision and supply of the Construction Services, the Supporting and Ancillary Services and the Company's Products.

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 Fuyun Xingtong is a wholly-owned subsidiary of Xinjiang Non-ferrous. Accordingly, Xinjiang Non-ferrous and Fuyun Xingtong are connected persons of the Company and the entering into each of the Renewed Comprehensive Services Agreement and the Renewed Mutual Supply Agreement constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the respective annual caps for the three years ending 31 December 2024 in relation to the continuing connected transactions under the Renewed Comprehensive Services Agreement is more than 0.1% but less than 5% on an annual basis, the continuing connected transactions thereunder are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirements.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the respective annual caps for the three years ending 31 December 2024 in relation to the continuing connected transactions for the Construction Services and the Supply of the Company's Products under the Renewed Mutual Supply Agreement exceed 5% on an annual basis, the continuing connected transactions in relation thereto are subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps for the three years ending 31 December 2024 in relation to the continuing connected transactions for the Supporting and Ancillary Services under the Renewed Mutual Supply Agreement is more than 0.1% but less than 5% on an annual basis, the continuing connected transactions in relation thereto are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirements.

(II) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board hereby announces that at the meeting of the Board held on 29 October 2021, the Board considered and approved the resolution on amendments to certain provision of the Articles of Association, and it was agreed that such resolution be submitted to the shareholders of the Company for their consideration and approval at the EGM.

A notice of EGM will be despatched to the shareholders of the Company on or before 4 November 2021. Since the Company requires additional time to prepare information to be included in a circular containing, among other things, (i) details of the procurement of the Construction Service and the supply of the Company's Products under the Renewed Mutual Supply Agreement; (ii) the recommendation of the Independent Board Committee; (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders advising on the procurement of the Construction Service and the supply of the Company's Products under the Renewed Mutual Supply Agreement; and (iv) the proposed amendments to the Articles of Association, the circular is expected to be despatched to the shareholders of the Company on or before 30 November 2021.

(I) CONTINUING CONNECTED TRANSACTIONS

Background

Reference is made to the continuing connected transactions under the Existing Comprehensive Services Agreement and the Existing Mutual Supply Agreement, among other things, as set out in the Announcement.

Since the term of each of the Existing Comprehensive Services Agreement and the Existing Mutual Supply Agreement will expire on 31 December 2021, (1) Kalatongke Mining entered into the Renewed Comprehensive Services Agreement with Fuyun Xingtong on 29 October 2021 for the provision of supporting services by Fuyun Xingtong to Kalatongke Mining; and (2) the Company entered into the Renewed Mutual Supply Agreement with Xinjiang Non-ferrous on 29 October 2021 for the continuing provision and supply of the Construction Services, the Supporting and Ancillary Services and the Company's Products.

1. Renewed Comprehensive Services Agreement

Date: 29 October 2021

Parties: Kalatongke Mining and Fuyun Xingtong

Term: 1 January 2022 to 31 December 2024

Subject Matter

On 26 October 2018, Kalatongke Mining and Fuyun Xingtong entered into the Existing Comprehensive Services Agreement pursuant to which Fuyun Xingtong agreed to provide supporting services to the Kalatongke Mining. The Existing Comprehensive Services Agreement will expire on 31 December 2021.

On 29 October 2021, Kalatongke Mining and Fuyun Xingtong entered into the Renewed Comprehensive Services Agreement pursuant to which Fuyun Xingtong agreed to continue to provide supporting services to Kalatongke Mining.

Term

The principal terms of the Renewed Comprehensive Services Agreement include the followings:

- Fuyun Xingtong agrees to provide Kalatongke Mining with certain supporting services including, medical assistance and healthcare services, security services, catering services, mine area hygiene and cleansing services to its employees for a term commencing from 1 January 2022 to 31 December 2024 which may be further renewed upon agreement by Fuyun Xingtong and Kalatongke Mining, subject to the approval by the Stock Exchange and/or the independent shareholders of the Company, if applicable;
- Kalatongke Mining is entitled to obtain such services from any Independent Third Party. If Kalatongke Mining is able to obtain better terms from any Independent Third Party provider than those offered by Fuyun Xingtong, Kalatongke Mining is entitled to request Fuyun Xingtong to offer Kalatongke Mining those better terms, and if Fuyun Xingtong refuses, Kalatongke Mining is entitled to terminate the provision of such services by Fuyun Xingtong; and the Renewed Comprehensive Services Agreement is conditional and effective upon it having complied with the relevant Listing Rules and approved by the independent shareholders of the Company, if applicable.

Consideration

The supporting services fees payable by Kalatongke Mining to Fuyun Xingtong during the term of the Renewed Comprehensive Services Agreement are determined principally by commercial negotiation between the parties according to the principles of fairness and reasonableness with reference to the market price of the supporting services from time to time. Such transactions will be conducted in the ordinary and usual course of business of Kalatongke Mining, on normal commercial terms and on terms not less favourable to Kalatongke Mining than terms available to or from (as appropriate) Independent Third Parties.

In order to ensure that such principle is adhered to, the Company has adopted the following internal control measures. Prior to entering into the Renewed Comprehensive Services Agreement by the general manager of Kalatongke Mining, the Human Resources Department of Kalatongke Mining will compile the required quantities of each service item under the Renewed Comprehensive Services Agreement and the General Administration Department of Kalatongke Mining will obtain market prices of each service item for comparison purpose. Market prices of each service item are obtained from at least two more prices of comparable volume from independent third party suppliers and checked by the general manager of Kalatongke Mining and reviewed and approved by the general manager of the Company to ensure that the services provided under the renewed agreement will not be on terms which are less favourable than those provided by the independent third parties. The general manager of Kalatongke Mining will then prepare the final renewed agreement which is to be independently checked by the Finance Department of the Company and be approved by the general manager of the Company.

Pricing Policies

The supporting services will be provided according to the following pricing policies in order of priority and to be settled on a monthly basis:

- the State-prescribed price (國家指定價) (including any price prescribed by any relevant local government), if applicable;
- where there is no State-prescribed price, then the State-guidance price (國家指導價);

- where there is neither a State-prescribed price nor a State-guidance price, the market price which is determined by (i) the price offered by an Independent Third Party for providing similar services in an area where such supporting services are provided under general commercial terms, or (ii) where not applicable, the market price offered by an Independent Third Party for providing similar services in the PRC under general commercial terms;
- where none of the above is applicable, the price shall be determined by the cost-plus method, parties to determine price based on reasonable costs incurred by Fuyun Xingtong in providing the services plus a profit margin of not more than 5% (Note) of such costs; and
- Kalatongke Mining and Fuyun Xingtong will ensure that any specific agreements which set out the specific terms and conditions, including the payment terms, for the provision of any such services are entered into between the parties in accordance with the terms and conditions of the Renewed Comprehensive Services Agreement.

Note: The profit margin of not more than 5% is arrived at after negotiation between the parties considering the general industry practice and the Directors are of the view that such profit margin is fair and reasonable.

The supporting services fees are payable by the Company on a monthly basis.

In the event that such specific agreements do not set out the payment terms, the relevant service fee is payable by Kalatongke Mining within 30 days after the provision of such service.

Historical figures

The supporting services fees paid by the Group to Fuyun Xingtong for each of the two years ended 31 December 2020 and the nine months ended 30 September 2021 under the Existing Comprehensive Services Agreement are set out below:

	Transaction amounts for the year ended 31 December 2019 (RMB)	Transaction amounts for the year ended 31 December 2020 (RMB)	Transaction amounts for the nine months ended 30 September 2021 (RMB)
The supporting services fees under the Existing Comprehensive Services Agreement	3,226,415 (Annual cap: 3,420,000)	3,226,415 (Annual cap: 3,420,000)	3,226,415 (Annual cap: 3,420,000)

Proposed Annual Caps

The Directors have considered and proposed the following annual caps in respect of the supporting services fees under the Renewed Comprehensive Services Agreement:

	For the year ending 31 December		
	2022 (RMB)	2023 (RMB)	2024 (RMB)
Annual caps for the supporting services fees under the Renewed Comprehensive Services Agreement	8,350,800	8,350,800	8,350,800

In determining the above annual caps, the Directors have assumed that the Kalatongke Mining's business will remain almost the same as in current year and taken into account the latest service scope covered under the Renewed Comprehensive Services Agreement, under which additional services, for example, security services and catering services, will be provided by Fuyun Xingtong and that the need for the provision of other supporting services by Fuyun Xingtong to Kalatongke Mining will accordingly remain at almost the same level as in current year. The above proposed annual caps for the supporting services fees under the Renewed Comprehensive

Services Agreement for the three years ending 31 December 2024 have been determined with reference to the current year transaction amounts as the existing number of workforce in Kalatongke Mining and supporting services items and rates are expected to be similar in the forthcoming three years as in current year.

The Directors consider that the above annual caps are reasonably determined pursuant to Rule 14A.53 of the Listing Rules.

Reasons for and benefits of entering into the Renewed Comprehensive Services Agreement

Under the Reorganisation, the Xinjiang Non-ferrous Group has retained certain assets and businesses which formerly provided supporting services to the Kalatongke Mining. In order to ensure the continuous provision of such services after the Listing, Kalatongke Mining entered into the Existing Comprehensive Services Agreement with Fuyun Xingtong.

The Directors believe that it is in the interest of the Company that Kalatongke Mining entered into the Renewed Comprehensive Services Agreement to continue to procure the supporting services from Fuyun Xingtong in order to ensure a smooth operation of the businesses of the Company and Kalatongke Mining as their businesses and workforce continue to grow.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Renewed Comprehensive Services Agreement were entered into on normal commercial terms and such terms are fair and reasonable and in the interests of the Company and its shareholders as a whole.

2. Renewed Mutual Supply Agreement

Date: 29 October 2021

Parties: The Company and Xinjiang Non-ferrous

Term: 1 January 2022 to 31 December 2024

Subject Matter

On 26 October 2018, the Company and Xinjiang Non-ferrous entered into the Existing Mutual Supply Agreement in respect of the mutual provision of the Construction Services, the Supporting and Ancillary Services and the Company's Products. The Existing Mutual Supply Agreement will expire on 31 December 2021.

On 29 October 2021, the Company and Xinjiang Non-ferrous entered into the Renewed Mutual Supply Agreement in respect of the continuing provision of the Construction Services, the Supporting and Ancillary Services and the Company's Products.

Term

The principal terms of the Renewed Mutual Supply Agreement include the followings:

- the Renewed Mutual Supply Agreement is for a term commencing from 1 January 2022 and ending on 31 December 2024 which may be renewed upon agreement by Xinjiang Non-ferrous and the Company, subject to the approval by the Stock Exchange and/or the independent shareholders of the Company, if applicable;
- the Company and the Xinjiang Non-ferrous Group are at liberty to procure from or provide to any Independent Third Party any of the required services and products save and except that Xinjiang Non-ferrous Group must provide the Company with services or supplies on terms no less favourable than those offered to any Independent Third Party;
- each party of the Renewed Mutual Supply Agreement may terminate the mutual provision of products and services on not less than six months' prior written notice, however Xinjiang Non-ferrous Group may not terminate its service if the Company has informed them by written notice that the Company is unable to obtain similar products and services from an Independent Third Party (save that the Company has provided written consent to the termination by Xinjiang Non-ferrous Group); and
- the Renewed Mutual Supply Agreement is conditional and effective upon it having complied with the relevant Listing Rules and approved by the independent shareholders of the Company, if applicable.

The Xinjiang Non-ferrous Group has agreed to provide the Company with the Construction Services and the Supporting and Ancillary Services. The Company has agreed to provide the Company's Products to Xinjiang Non-ferrous Group.

Consideration

The fees in relation to the above products, supplies and services payable between the Company and Xinjiang Non-ferrous during the term of the Renewed Mutual Supply Agreement are determined principally by commercial negotiation between the parties according to the principles of fairness and reasonableness with reference to the market price of the mutual supply services from time to time. Such transactions will be conducted in the ordinary and usual course of business of the Company, on normal commercial terms and on terms not less favourable to the Company than terms available to or from (as appropriate) Independent Third Parties.

In order to ensure that such principle is adhered to, the Company has adopted the following internal procedures:

- (1) In respect of supply of products/services by Xinjiang Non-ferrous Group under the Supporting and Ancillary Services, the relevant officer of the Finance Department will check the prices of such products/services under the relevant invoices issued by Xinjiang Non-ferrous Group and the Company and compare such prices with the prevailing market prices of such products/services if they are supplied by/to other Independent Third Parties. The finance manager will check the aforementioned pricing comparison performed by the finance officer and the financial controller will only approve the relevant invoices after he has ensured that such prices will be on terms not less favourable to the Company than terms available to/from (as appropriate) Independent Third Parties.

Further, the internal audit department of the Company will perform periodic audit of the invoices to/from Xinjiang Non-ferrous Group with reference to the prevailing market prices of the relevant products/services and ensure that the abovementioned principle is adhered to.

- (2) In respect of the provision of Construction Services by Xinjiang Non-ferrous Group, the service fees payable will be determined with reference to the prevailing market prices under general commercial terms. Pursuant to the internal guidance of the Company on the construction projects, the Company is required to select service providers for all major construction projects, including the technical improvement projects, through an open tender process (the “**Tendering Process**”), through which the price and terms of services offered by the vendors will be compared and the service contracts will be awarded

to vendor(s) which offer(s) the best price and/or terms of service. In addition to the tender from Xinjiang Non-ferrous Group, there will be at least two or more valid tenders to be obtained from Independent Third Parties for a comparable volume and similar service. The Tendering Process is that tenders with the highest scores, which are rated by the tender evaluation committee based on the same objective selection criteria such as qualification, resources, experience and technical expertise of the tenders, reputation and quality of work and pricing and terms of service, are to be selected. Tender evaluation committee of the Company consists of the general manager, deputy general manager, financial controller, chairman of board of supervisors, secretary of The Party Commission for Discipline Inspection of the Company; and managers from Safety Production and Security Department, Sales Department and Internal Audit Department and internal experts. In case Xinjiang Non-ferrous Group is the only bidder/tenderer of the service transaction, the Company would not proceed with the transaction.

Pricing Policies

The mutual supply services will be provided according to the following pricing policies in order of priority and to be settled on a monthly basis:

- the State-prescribed price (國家指定價) (including any price prescribed by any relevant local government), if applicable;
- where there is no State-prescribed price, then the State-guidance price (國家指導價);
- where there is neither a State-prescribed price nor a State-guidance price, the market price which is determined by (i) the price offered by an Independent Third Party for providing similar services in an area where such supporting services are provided under general commercial terms, or (ii) where not applicable, the market price offered by an Independent Third Party for providing similar services in the PRC under general commercial terms;
- where none of the above is applicable, the price shall be determined by the cost-plus method, parties to determine price based on reasonable costs (*Note*) incurred by them in providing the services plus a profit margin of not more than 5% of such reasonable costs (*Note*); and
- the Company and Xinjiang Non-ferrous will ensure that any specific agreements which set out the specific terms and conditions for the provision of any such services are entered into between the parties in accordance with the terms and conditions of the Renewed Mutual Supply Agreement.

Note: The profit margin of not more than 5% is arrived at after negotiation between the parties and the reasonable costs are the costs (including relevant taxes and surcharges) as calculated under the Accounting Standards for Business Enterprises of the PRC, and the Directors are of the view that such profit margin is fair and reasonable.

In respect of the provision of Construction Services by Xinjiang Non-ferrous Group, as set out in earlier paragraph of this section, the service fees payable will be determined with reference to the prevailing market prices.

In respect of the provision of Supporting and Ancillary Services by Xinjiang Non-ferrous Group, the fees payable by the Company will be determined according to the following pricing policy:

- | | |
|--|---|
| – transportation services: | The best bid price as determined by the Tendering Process |
| – supply of gasoline and diesel: | State-prescribed price |
| – supply of coal and coke, production of indirect and supplementary materials, packaging materials, parts and services for machinery repairs and maintenance; and labor safety and protection and sundry supplies: | The best bid price as determined by the Tendering Process |

State-prescribed prices for gasoline and diesel are updated by the Xinjiang CNPC (新疆中石油) based on the notice published by the NDRC from time to time depending on the changes in the international oil and gas market prices. As at the date of this announcement, the State-prescribed prices for gasoline and diesel are RMB7.47/liter for No. 92 gasoline, and RMB7.10/liter for No. 0 diesel.

Since none of the previous transactions regarding the Supporting and Ancillary Services and the Company's Products were transacted based on the cost-plus method as all the Supporting and Ancillary Services and the Company's Products have a State prescribed price, a State-guidance price or a market price (as appropriate), the Company expects that the prices of the Supporting and Ancillary Services and the Company's Products would continue to be determined by reference to the best bid price under the Tendering Process and in compliance with the State-prescribed price or the State-guidance price, if any, in the future.

The Company will provide the Company's Products to Xinjiang Non-ferrous Group at market prices which are to be determined as afore-mentioned. Since the prices of all the existing Company's Products can be determined with reference to the prevailing market prices, the Company expects that the pricing of the supply of the Company Products will not be based on the cost-plus method. Up to and as at the date of this announcement, State-prescribed price and State-guidance price have never been applicable to the Company's Products as they have never been included in any category for the State-prescribed price or the State-guidance price.

Internal Control Measures Relating To Pricing Policies

For Construction Services and Supporting and Ancillary Services under the Renewed Mutual Supply Agreement, the engineering department or the user department of the subsidiaries of Company and its designated persons will obtain quotations or tenders of the services from at least two independent third parties for a comparable volume and similar services and ascertain the pricing of the quotations or tenders of the suppliers according to the above pricing policy. The service price of each service and contract price of each construction contract will be reviewed and be approved by the head of the engineering department of the subsidiaries of the Company for preparation of the final contracts. Individual contracts for construction projects and Supporting and Ancillary Services under the Renewed Mutual Supply Agreement are reviewed and approved by the general manager of the Company.

For the sales of the Company's products to Xinjiang Non-ferrous Group under the Renewed Mutual Supply Agreement, the sales department of the Company and its designated persons will submit the sales orders to the Finance Department of the Company with the required quantities who will then check into the spot rates of the metal products from Shanghai Yangtze River Non-ferrous Metals Spot Market (official website : www.ccmn.cn 長江有色金屬網*) for preparation of formal sales invoices. Upon the receipt of payments from the customers, the Finance Department will acknowledge the sales department for preparation of the goods delivery notes for warehouse to deliver products to customers.

- * 長江有色金屬網(www.ccmn.cn) is one of the leading Internet business platform hosted by Grand River (Xiamen) Information Technology Co., Ltd. The network provides the “spot prices of non-ferrous metals market framework” by logical-mathematical theories and experience, so that the metal offers are closer to the market; now mainly releases six basic non-ferrous metal prices (copper, aluminum, zinc, tin, lead and nickel). The Directors consider that such platform is a market-recognized platform in relation to trading and/or pricing information of the relevant non-ferrous metal products.

Quotations or tenders of the Construction Services and Supporting and Ancillary Services, payments of material requests, collections of sales invoices and goods delivery notes are subject to the internal audit procedures of the Company on a periodical basis.

For the supply of Supporting and Ancillary Services, that is, transportation services, and supply of coal and coke, production of indirect and supplementary materials, packaging materials, parts and services for machinery repairs and maintenance; and labour safety and protection and sundry supplies, the user department of the subsidiaries of the Company and its designated persons will submit material request forms or purchase orders of services to the Finance Department of the subsidiaries of the Company with the required quantities who will then conduct check on the prevailing market price and/or the unit price of similar products or services to be purchased from other independent third parties in order to ensure the actual price of the Supporting and Ancillary Services would be determined on normal commercial terms and on terms not less favourable to the Company than terms offered by Independent Third Parties. Different levels of the Finance Department of the Company would also perform independent checks on the unit price charged by the Xinjiang Non-ferrous Group and compare such price with the prevailing market price and/or the unit price of similar products to be purchased from other Independent Third Parties during the relevant period before payment is made. For the supply of gasoline and diesel, the unit prices will be checked against the State-prescribed prices given by the Xinjiang CNPC. The internal audit department of the Company would perform periodic audit of the invoices to/from Xinjiang Non-ferrous Group with reference to the prevailing market prices and the State-prescribed prices of the relevant products and ensure that the above internal procedures were adhered to.

For the supply of geological exploration service in the mining areas by Xinjiang Non-ferrous Group, if any, the pricing policy is the prevailing market price through the tender process which is the same as that of the supply of Construction Services. The internal control measures relating to the pricing policy in respect of geological exploration would be the same as that of the supply of Construction Services.

In respect of sales of the Company's Products to Xinjiang Non-ferrous Group, which mainly consist of copper cathode, copper concentrates and other products, and in order to ensure each sales transaction will be on terms no more favourable to Xinjiang Non-ferrous Group than to other Independent Third Parties, the pricing of each sales transaction is determined by the Sales Department based upon the spot price of the product from Shanghai Yangtze River Nonferrous Metals Spot Market and be approved by the Sales Department manager and checked by the Finance Department manager and final approved by the Pricing Committee of the Company. The Pricing Committee of the Company consists of the general manager, financial controller and the managers of the Sales Department and the Finance Department of the Company. The proportion of sales of copper cathode to Xinjiang Non-ferrous Group as to the total sales of copper cathode of the Group is expected to be less than 4.6% for the year ending 31 December 2021, while the planned proportion of sales will be approximately 5.0% for each of the three years ending 31 December 2024.

Accordingly, the Directors believe that the above methods and procedures can ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the Renewed Mutual Supply Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

Historical figures

The fees paid by the Group to Xinjiang Non-ferrous Group in relation to the provision of Construction Services and the Supporting and Ancillary Services by Xinjiang Non-ferrous Group and the fees received by the Group for the provision of Company's Products to the Xinjiang Non-ferrous Group under the Existing Mutual Supply Agreement for each of the two years ended 31 December 2020 and the nine months ended 30 September 2021 are set out below:

	Transaction amounts for the year ended 31 December 2019 (RMB)	Transaction amounts for the year ended 31 December 2020 (RMB)	Transaction amounts for the nine months ended 30 September 2021 (RMB)
The Construction Services fees under the Existing Mutual Supply Agreement (A)	73,714,406 (Annual cap: 96,300,500)	72,722,938 (Annual cap: 110,281,000*)	26,009,440 (Annual cap: 92,620,000*)
The Supporting and Ancillary Services fees under the Existing Mutual Supply Agreement (B)	41,891,613 (Annual cap: 78,663,700)	41,205,380 (Annual cap: 82,245,000)	32,163,168 (Annual cap: 87,801,870)
The Company's Products fees received under the Existing Mutual Supply Agreement (C)	83,949,922 (Annual cap: 84,223,289)	104,945,734 (Annual cap: 126,138,000*)	70,968,576 (Annual cap: 133,347,000*)

* *These annual caps were revised and approved at the extraordinary general meeting of the Company held on 18 December 2020.*

Proposed Annual Caps

The Directors have considered and proposed the following annual caps in respect of the services fees under the Renewed Mutual Supply Agreement:

For the years ending 31 December	2022 <i>(RMB)</i>	2023 <i>(RMB)</i>	2024 <i>(RMB)</i>
Annual caps for the Construction Services fees under the Renewed Mutual Supply Agreement (A)	291,790,000	204,720,000	117,090,000
Annual caps for the Supporting and Ancillary Services fees under the Renewed Mutual Supply Agreement (B)	113,633,310	119,013,110	127,455,090
Annual caps for the Company's Products fees under the Renewed Mutual Supply Agreement (C)	176,229,290	201,442,280	224,729,530

In determining the above annual caps for the three years ending 31 December 2024 under the Renewed Mutual Supply Agreement, the Directors have taken into account (i) the historical transaction amounts for the Construction Services fees, the Supporting and Ancillary Services fees and the Company's Products fees for the two years ended 31 December 2020 and nine months ended 30 September 2021; (ii) the Company's expansion plan and the increase in construction projects, leading to an increase in demand for the Construction Services; (iii) the anticipated increase in ore output and expected production volume of nickel cathode and copper cathode, thereby resulting in an increase in demand for the Supporting and Ancillary Services; (iv) the expected increase in the selling prices of the Company's Products, in particular, copper concentrates and copper cathode; and (v) the anticipated general inflation in the PRC in the next three years. For further details of the basis of each of the annual caps for the Construction Services fees, the Supporting and Ancillary Services fees and the Company's Products fees under the Renewed Mutual Supply Agreement for the three years ending 31 December 2024, please refer to the sections below.

(A) The Construction Services fees

The Construction Services fees under the Existing Mutual Supply Agreement for the year ending 31 December 2021 are expected to be amounted to approximately RMB82.56 million. The annual caps for the Construction Services fees under the Renewed Mutual Supply Agreement for the years ending 31 December 2022, 2023 and 2024, compared to the expected Construction Services fees under the Existing Mutual Supply Agreement for the year ending 31 December 2021 of approximately RMB82.56 million represent expected increases of approximately RMB209.23 million, RMB122.16 million and RMB34.53 million, respectively. Such increases are mainly attributable to (i) certain existing projects which were expected to have completed by 2021 were delayed due to the outbreak of the COVID-19, and as such certain projects were postponed to 2022 and 2023; (ii) the increase in construction projects which will be elaborated below; and (iii) the expected construction progress of the existing and planned projects.

In assessing the annual caps for the Construction Services under the Renewed Mutual Supply Agreement, the Directors assumed the budgeted amounts as below:

For the years ending	2022	2023	2024
31 December	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
– Kalatongke Mining (i)	171,790	98,720	53,090
– Fukang Refinery (ii)	50,000	36,000	14,000
– Xinjiang Yakesi Resources Co. Ltd.(“ Yakesi ”) (iii)	65,000	45,000	25,000
– Xinjiang Zhongxin Mining Co., Ltd.(“ Xinjiang Zhongxin ”) (iv)	5,000	25,000	25,000
Total	<u>291,790</u>	<u>204,720</u>	<u>117,090</u>

Basis of determining the budgeted amounts for the planned and existing projects

The table below sets forth the details of the budgeted amounts for the major projects in need of the Construction Services under the Renewed Mutual Supply Agreement:

	2022 <i>RMB'000</i> <i>(approximately)</i>	2023 <i>RMB'000</i> <i>(approximately)</i>	2024 <i>RMB'000</i> <i>(approximately)</i>
(i) Kalatongke Mining			
Warehouse for products and waste residues	27,000	8,500	0
Comprehensive office building and staff dormitory projects	60,000	50,000	15,000
Upgrade and transformation of ore-processing system and installation of smelting equipment for acid-making	12,000	3,500	0
Insulation and painting projects for the building exterior wall of the plants	11,000	500	0
Environmental protection and energy saving projects for the utilization of water slag resources and waste heat utilization	42,000	21,000	20,000
Renovation of auxiliary facilities of airshaft	3,090	3,220	6,090
Renovation of smoke ring set system and finishing projects of staff canteen	4,700	0	0
Sundry equipment installation and maintenance engineering	12,000	12,000	12,000
	<u>171,790</u>	<u>98,720</u>	<u>53,090</u>

The Company is currently undergoing three main projects in relation to Kalatongke Mining, including staff canteen construction project, material warehouse construction project and renovation of smoke ring set system project. These projects were originally planned to be completed in 2021, but the construction progress was adversely affected by the COVID-19 epidemic in 2020. Therefore, the construction works of these existing projects are postponed to 2022 and 2023.

During 2022 to 2024, the Company has planned to carry out several upgrade, technological renovation and expansion projects in relation to Kalatongke Mining.

For example, taking into account (i) the Outline of the 14th Five-Year Plan for National Economic and Social Development of the PRC and the Long-Range Objectives Through the Year 2035, which encourages enterprises in putting resources on talent development planning and improving employees' work environment so as to retain talents; and that (ii) Kalatongke Mining has been built for more than 30 years with aging infrastructure, the Company intends to carry out the comprehensive office building and staff dormitory project so as to improve the working environment of Kalatongke Mining for the workers and enhance the hardware conditions of Kalatongke Mining.

Further, in accordance with the requirements of the Prevention and Control of Environmental Pollution by Solid Waste of the PRC for the purpose of the prevention of dispersion and loss of solid waste and production raw materials, the Company intends to construct a warehouse for products and waste residues with an aim to prevent material dispersion and materials loss as well as reducing the materials handling cost.

In addition, with an aim to improve the mining production capacity, ore-processing capacity and smelting capacity of Kalatongke Mining and taking into account the stringent environmental standards as required by the PRC government policies, such as the implementation of Thermal Power Plant Air Pollutant Emission Standards, the Boiler Air Pollutant Emission Standards, the Announcement Concerning the Implementation for Special Emission Limits for Key Pollutants, the Guidance of the State Council on Accelerating the Establishment and Improvement of a Green and Low-carbon Cyclic Development Economic System, the Standard for Pollution Control on the General Industrial Solid Waste Storage and landfill, and the Notice of the State Council on Printing and Distributing the Action Plan for Peak Carbon Emissions by 2030 issued by the Environmental Bureau of the Xinjiang Uygur Autonomous Region in 2017 and 2018, the Company intends to carry out several upgrade and technological renovation projects for Kalatongke Mining.

Similarly, several technological improvement and environmental protection projects are also planned to be carried out for Fukang Refinery, Yakesi and Xinjiang Zhongxin.

	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
(ii) Fukang Refinery			
Electrolytic cell renovation projects	6,000	3,000	–
External wall insulation projects	4,000	3,000	4,000
Sewage advanced treatment projects	30,000	20,000	–
Various safety, environmental protection and maintenance projects	10,000	10,000	10,000
	<u>50,000</u>	<u>36,000</u>	<u>14,000</u>

	2022 RMB'000 (approximately)	2023 RMB'000 (approximately)	2024 RMB'000 (approximately)
(iii) Yakesi			
Sundry projects in mining and processing plants	5,000	5,000	5,000
Technical transformation of mining projects	10,000	10,000	10,000
Airshaft No. 1 and ancillary facilities renovation	15,000	0	–
Upgrading of tailings pond	15,000	0	0
Expansion project of the 10,000 tonnes ore processing plant	0	30,000	10,000
Water pipeline repair and replacement project	20,000	–	–
	<u>65,000</u>	<u>45,000</u>	<u>25,000</u>
(iv) Xinjiang Zhongxin			
Environmental protection skills technical transformation project for smelting	0	20,000	20,000
Sundry repair and maintenance works	5,000	5,000	5,000
	<u>5000</u>	<u>25,000</u>	<u>25,000</u>

(B) The Supporting and Ancillary Services fees

The Supporting and Ancillary Services fees under the Existing Mutual Supply Agreement for the year ending 31 December 2021 is expected to be amounted to approximately RMB41.81 million. The annual caps for the Supporting and Ancillary Services fees under the Renewed Mutual Supply Agreement for the years ending 31 December 2022, 2023 and 2024, compared to the expected Supporting and Ancillary Services fees under the Existing Mutual Supply Agreement for the year ending 31 December 2021 of approximately RMB41.81 million, represent expected increases of approximately RMB71.82 million, RMB77.20 million and RMB85.65 million, respectively. Such increases are mainly attributable to (i) the expected increase in demand for ore mining services (including but not limited to, ore mining, crushing, filling and maintenance services), transportation services and chemical materials taking into account the expected increase in ore output and production volume of nickel cathode and copper cathode for the three years ending 31 December 2024; and (ii) the increase in the prices of utilities, raw materials and other supporting and ancillary services taking into account the anticipated general inflation in the PRC in the next three years.

The Company anticipates that following the change of its ore mining method from caving method to filling method during 2022 to 2024, the Company's annual ore output is expected to further increase at a compound annual growth rate of approximately 19% from 2022 to 2024. As such, the corresponding demand for ore mining services, such as ore mining, crushing, filling and maintenance services, will also substantially increase. Further, given that (i) the market demand of nickel and refined copper in the PRC is projected to be on a rising trend in the next few years; (ii) the Group has recorded an increase of approximately 46.5% in the sales volume of copper cathode in 2020 as compared to that of 2019; and (iii) the Company's capacity expansion plan for production of nickel cathode, the Company expects it will fully utilise its production capacity and increase its production volume of nickel cathode and copper cathode to cope with the market demand in the coming years.

In light of the anticipated increase in ore output and expected production volume of nickel cathode and copper cathode for the three years ending 31 December 2024, the Company expects that the demand for the Supporting and Ancillary Services (such as the transportation services and demand for chemical materials) for the production of nickel cathode and copper cathode will also increase correspondingly.

In assessing the annual caps for the Supporting and Ancillary Services under the Renewed Mutual Supply Agreement, the Directors assumed the budgeted amounts as below:

**For the years ending
31 December**

	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Ore exploration services	29,452	36,583	42,745
Transportation services	17,300	17,300	17,300
Purchase of chemical materials	26,942	26,942	28,182
Other supporting and ancillary services	39,940	38,189	39,229
Total	<u>113,634</u>	<u>119,014</u>	<u>127,456</u>

(C) The Company's Products fees

The Company's Products fees under the Existing Mutual Supply Agreement for the year ending 31 December 2021 is expected to be amounted to approximately RMB133.35 million. The annual caps for the Company's Products fees under the Renewed Mutual Supply Agreement for the years ending 31 December 2022, 2023 and 2024, compared to the expected Company's Products fees under the Existing Mutual Supply Agreement for the year ending 31 December 2021 of approximately RMB133.35 million, represent approximately increases of RMB42.88 million, RMB68.09 million and RMB91.38 million, respectively. Such increases are mainly attributable to the expected increase in the selling prices of the Company's Products in particular copper concentrates and copper cathode in the next three years and the budgeted amounts of copper concentrates to be supplied to Xinjiang Non-ferrous Group.

In assessing the annual caps for the sales of the Company's Products under the Renewed Mutual Supply Agreement, the Directors assumed (i) the increase in the market prices of the Company's Products, in particular: copper concentrates and copper cathode, which was based on the analysis of historical market prices of copper for the past ten years and the projection of copper market prices for the next three years as illustrated in the table below, demonstrating in an upward trend of copper market prices since 2016, and (ii) the increase in budgeted amounts as below:

**For the years ending
31 December**

	2022	2023	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(approximately)</i>	<i>(approximately)</i>	<i>(approximately)</i>
Sales of copper concentrates	82,977	102,461	119,111
Sales of copper cathode	30,973	31,858	33,186
Sales of other Company's Products	62,279	67,123	72,433
Total	<u>176,229</u>	<u>201,442</u>	<u>224,730</u>

The table below sets forth the Directors' assumption of the budgeted sales volume and the projected market unit price of copper concentrates and copper cathode:

	2021	2022	2023	2024
	<i>forecast</i>	<i>budget</i>	<i>budget</i>	<i>budget</i>
Sales of copper concentrates (tonnes)	727	1,500	1,800	2,000
Unit price (RMB per tonne)	64,453.80	61,946.90	63,716.81	66,371.68
Sales of copper cathode (tonnes)	396	500	500	500
Unit price (RMB per tonne)	60,031.87	61,946.90	63,716.81	66,371.68

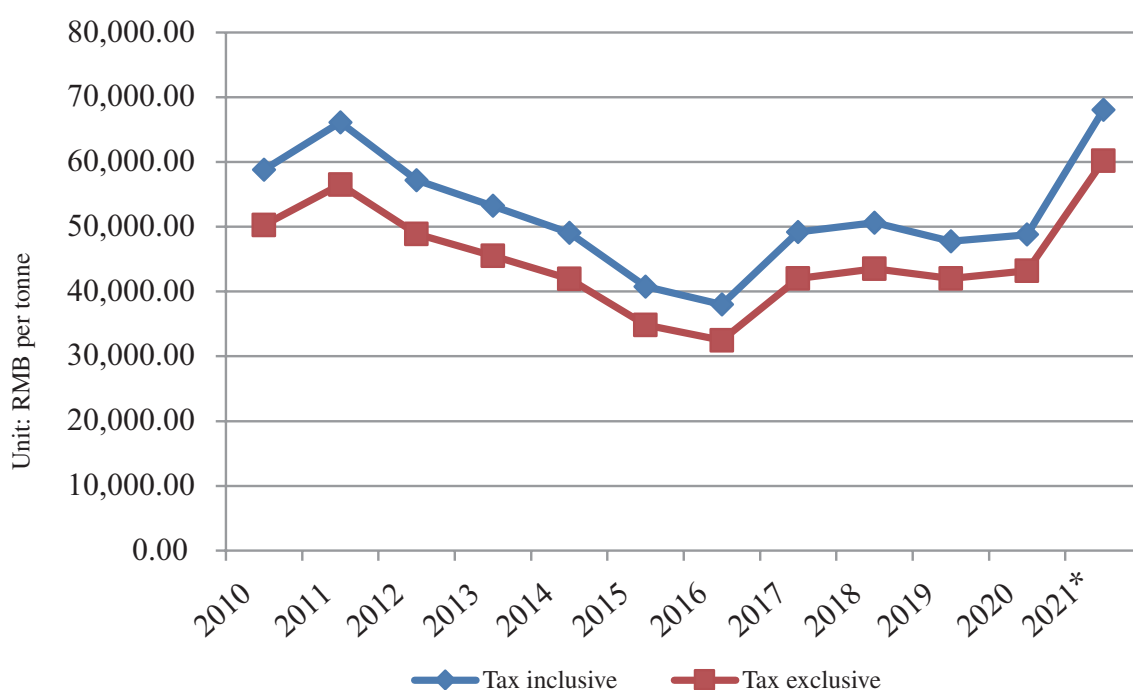
Forecasted upturn of copper price

The proposed annual caps for the Company's Products fees are based on the assumption that the market price of copper, the major product, will increase in the forthcoming three years, namely: RMB61,946.90, RMB63,716.81 and RMB66,317.68 per tonne. As compared to the 2021 forecast average unit price of RMB60,031.87 per tonne, the budgeted market prices of copper represent a growth rate of 2.39%, 5.32%, 10.30% in 2022, 2023 and 2024, respectively.

The Company has taken into account a potential upturn of copper market prices in arriving at the annual caps of the Company's Products fees which is basically consistent with the overall view of the major copper industry players (for example, the vice general manager of sales department of Xinjiang Wuxin Copper Industry Company Limited (新疆五鑫銅業有限公司), the largest copper cathode producer and supplier in Xinjiang) and commodity futures dealers (for example, the manager and future commodity trader of China Chentong Commodity Trading Company Limited (中國誠通商品貿易有限公司)). During the budget process, in addition to the internal analysis of historical copper price, the Board also made reference to the followings: (i) in a research report in August, Goldman Sachs reiterated its bullish forecast for copper prices of US\$11,000 per tonne (slightly below US\$5 per pound) by the end of the year and US\$11,500 per tonne during same period next year; (ii) a foreign media news on 10 October: Ole Hansen, an analyst of Saxo Bank, stated in a research report that if copper prices surpass US\$10,000 per tonne, it could be a sign of re-challenging to the historical record high; (iii) a new report in September from Moody's Investor Services found that most of the basic metal prices showed signs of stabilisation in 2022. Compared with the historical average, copper prices are expected to remain strong at least at the end of 2022, while structural deficits will keep copper prices high in the long run, and allowing a certain percentage of buffer to accommodate any probable upward price fluctuation during the upcoming three years from 2022 to 2024, for example, the recent devaluation of Renminbi as compared to US currency.

Note: all unit prices of commodities are stated excluding tax

Internal analysis of historical copper price for the past ten years



* Up to October 2021

Reasons for and benefits of entering into the Renewed Mutual Supply Agreement

The Company entered into the Renewed Mutual Supply Agreement to continue to procure from and provide to the Xinjiang Non-ferrous Group services for the following reasons:

- the Xinjiang Non-ferrous Group has an established system of mining, ore processing, smelting, processing, repairing, manufacturing, equipment installation, construction, transportation, storage, design, and it has competitive strengths over other suppliers of similar services in Xinjiang;
- the Company's smelting operation is enhanced by the capability and techniques of the Xinjiang Non-ferrous Group in designing and producing non-standardised production facilities and equipment;
- the design institute of the Xinjiang Non-ferrous Group has the expertise in the design of production facilities in respect of mining, ore processing and refining of non-ferrous and precious metals and they are familiar with the Company's production sites, facilities and equipment;
- the Xinjiang Non-ferrous Group has an experienced and stable construction team in shafts construction and facilities installation; and
- the automobile transportation companies, the materials procurement company and the storage warehouse of the Xinjiang Non-ferrous Group are able to provide the Company with a stable supply of materials, transportation services and warehousing services.

Other than the independent non-executive Directors' views on the procurement of the Construction Services and the supply of the Company's Products under the Renewed Mutual Supply Agreement and the relevant annual caps, the Directors are of the view that the terms of the Renewed Mutual Supply Agreement were entered into on normal commercial terms and such terms and its annual caps are fair and reasonable and in the interests of the Company and its shareholders as a whole. The independent non-executive Directors' views in relation to the procurement of the Construction Services and the supply of the Company's Products under the Renewed Mutual Supply Agreement and the relevant annual caps, after considering the advice of the independent financial adviser of the Company, will be contained in the relevant circular.

Information relating to the Company and Kalatongke Mining

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.

Kalatongke Mining is principally engaged in the mining, ore processing and smelting of copper mines and nickel mines, the processing of copper, nickel and other non-ferrous metal, sale of self-manufactured products, exploration of mineral resources and investment in development projects.

Information relating to Xinjiang Non-ferrous and Fuyun Xingtong

Xinjiang Non-ferrous is principally engaged in, among other things, investment in non-ferrous metal industry and sale of non-ferrous metal products.

Fuyun Xingtong is a wholly-owned subsidiary of Xinjiang Non-ferrous and is principally engaged in, among other things, beverage, catering services, transportation, satellite communication and sales of liquefied gases.

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 885,204,000 domestic shares of the Company, representing approximately 40.06% of the entire issued share capital of the Company and Fuyun Xingtong is a wholly-owned subsidiary of Xinjiang Non-ferrous. Accordingly, Xinjiang Non-ferrous and Fuyun Xingtong are connected persons of the Company and the entering into each of the Renewed Comprehensive Services Agreement and the Renewed Mutual Supply Agreement constitute continuing connected transaction of the Company under Chapter 14A of the Listing Rules.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the respective annual caps for the three years ending 31 December 2024 in relation to the continuing connected transactions under the Renewed Comprehensive Services Agreement is more than 0.1% but less than 5% on an annual basis, the continuing connected transactions thereunder are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirements.

Given that one or more of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the annual caps for the three years ending 31 December 2024 in relation to the continuing connected transactions for the Supporting and Ancillary Services under the Renewed Mutual Supply Agreement is more than 0.1% but less than 5% on an annual basis, the continuing connected transactions in relation thereto are only subject to the reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules and is exempt from the independent shareholders' approval requirements.

Since Xinjiang Non-ferrous is the controlling shareholder of the Company, it and its Associates are required to and will be abstained from voting at the EGM in relation to the approval of the procurement of Construction Services and the supply of the Company's Products under the Renewed Mutual Supply Agreement and the relevant annual caps.

In the event that the ordinary resolutions in respect of the procurement of Construction Services and the supply of the Company's Products under the Renewed Mutual Supply Agreement and the relevant annual caps are voted down by the Independent Shareholders, the Company will abide by its internal control procedures and procure the services or supplies or sell the Company's products at the open market. In respect of procurement of services or supplies, the Company will either select the service or product providers who offer the best bid price as determined by the Tendering Process or the best price at the open market. In respect of the sale of the Company's products, the Company will sell at the open market at prices which are to be determined as mentioned in the paragraph headed "Pricing Policies" above.

Independent Board Committee and Independent Financial Adviser

The Company will establish the Independent Board Committee to advise the Independent Shareholders as to whether the procurement of Construction Services and the Supply of the Company's Products under the Renewed Mutual Supply Agreement is (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its shareholders as a whole. The Independent Board Committee will advise the Independent Shareholders on how to vote at the EGM on the resolutions in respect of the procurement of Construction Services and the supply of the Company's Products under the Renewed Mutual Supply Agreement and the relevant annual caps, after taking into account the recommendations of the independent financial adviser.

In this connection, the Company will appoint an independent financial adviser, Crescendo Capital Limited, to advise the Independent Board Committee and the Independent Shareholders as to whether the procurement of Construction Services and the supply of the Company's Products under the Renewed Mutual Supply Agreement is (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and its shareholders as a whole, and whether the annual caps contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned and are in the interests of the Company and its shareholders as a whole.

Board's approval

Mr. Zhang Guohua, Mr. Guo Quan, Mr. Yu Wenjiang and Mr. Qi Xinhui have abstained from voting on the Board resolutions approving the Renewed Comprehensive Services Agreement, the Renewed Mutual Supply Agreement and the relevant annual caps 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; and Mr. Guo Quan is the deputy general manager of Xinjiang Non-ferrous; Mr. Yu Wenjiang and Mr. Qi Xinhui are the secretary and deputy secretary to the Party Committee of the Company, respectively, and both of whom are 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 these board resolutions.

(II) PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Board hereby announces that at the meeting of the Board held on 29 October 2021, in accordance with the Company Law of the People's Republic of China and other relevant laws and regulations, combined with the actual situation of the Company, the Board considered and approved the resolution on amendments to certain provision of the Articles of Association in view of the fact that the Company has moved to a new office. It was agreed that such resolution be submitted to the shareholders of the Company for their consideration and approval at the EGM.

The proposed amendments to the Articles of Association are set out as follows:

1. The original Article 4 which provides:

Article 4 Domicile of the Company: 3/F, Tower 1, Business Residence Community of Youse Mingyuan Science and Technology Park, No. 52, East 2nd Lane, Binhe Middle Road, Saybagh District, Urumqi, Xinjiang

Postal Code: 830000

Telephone number: 0086-0991-4852773

Fax number: 0086-0991-4853773

is proposed to be amended as follows:

Article 4 Domicile of the Company: No. 501, Fusion South Road, Cooperation Zone, Economic and Technological Development Zone, Urumqi, Xinjiang

Postal Code: 830027

Telephone number: 0086-0991-4852773

Fax number: 0086-0991-4853773

Save for the above proposed amendments to the Articles of Association, other chapters and articles of the Articles of Association remain unchanged.

DESPATCH OF CIRCULAR

A notice of EGM will be despatched to the shareholders of the Company on or before 4 November 2021. Since the Company requires additional time to prepare information to be included in a circular containing, among other things, (i) details of the procurement of the Construction Services and the supply of the Company's Products under the Renewed Mutual Supply Agreement; (ii) the recommendation of the Independent Board Committee of the Company; and (iii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders advising on the procurement of Construction Services and the supply of the Company's Products under the Renewed Mutual Supply Agreement and the relevant annual caps; and (iv) the proposed amendments to the Articles of Association, the circular is expected to be despatched to the shareholders of the Company on or before 30 November 2021.

DEFINITIONS

In this announcement, the following terms have the following meanings:

“Announcement”	the announcement of the Company dated 26 October 2018 which includes details of, among others, the Existing Mutual Supply Agreement and the Existing Comprehensive Services Agreement
“Associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of directors of the Company
“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
“Company’s Products”	nickel cathode, copper cathode, copper concentrates, self-produced precious metals, sulphuric acid, water, electricity and other ancillary materials provided/to be provided by the Company to the Xinjiang Non-ferrous Group under the Existing Mutual Supply Agreement and the Renewed Mutual Supply Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Services”	construction-related services, including project design, construction and facilities installation provided/to be provided by the Xinjiang Non-ferrous Group to the Company under the Existing Mutual Supply Agreement and the Renewed Mutual Supply Agreement
“Director(s)”	one or all of the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the approval of the procurement of the Construction Services and the supply of the Company’s Products under the Renewed Mutual Supply Agreement and the relevant annual caps, and the proposed amendments to the Articles of Association

“Existing Comprehensive Services Agreement”	the comprehensive services contract dated 26 October 2018 entered into between Kalatongke Mining and Fuyun Xingtong in respect of the provision of supporting services to the Kalatongke Mining, details of which please refer to the Announcement
“Existing Mutual Supply Agreement”	the master mutual supply agreement dated 26 October 2018 entered into between the Company and Xinjiang Non-ferrous in respect of the mutual provision of production supplies and ancillary services, details of which please refer to the Announcement
“Fukang Refinery”	the refinery located in Fukang, Xinjiang where Fukang Branch of the Company (阜康冶煉廠) carries out its business activities
“Fuyun Xingtong”	Xinjiang Non-ferrous Fuyun Xingtong Service Company Limited* (新疆有色金屬工業(集團)富蘊興銅服務有限公司), a limited liability company established in the PRC and a wholly-owned subsidiary of Xinjiang Non-ferrous
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors, namely Mr. Hu Benyuan, Mr. Wang Qingming and Mr. Lee Tao Wai, to advise the Independent Shareholders in respect of the procurement of the Construction Services and the supply of the Company’s Products under the Renewed Mutual Supply Agreement and the relevant annual caps
“Independent Shareholders”	in respect of the transactions for the procurement of the Construction Services and the supply of the Company’s Products under the Renewed Mutual Supply Agreement, shareholders of the Company other than Xinjiang Non-ferrous and its Associates
“Independent Third Party(ies)”	third party independent of and not connected with the Company and its connected persons

“Kalatongke Mining”	Xinjiang Kalatongke Mining Industry Co., Ltd.* (新 疆 喀 拉 通 克 礦 業 有 限 責 任 公 司), a wholly-owned subsidiary of the Company with business activity of operating a mine of nickel and copper
“Listing”	listing of the H Shares (overseas listed foreign shares in the Company’s ordinary share capital) on the main board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NDRC”	National Development and Reform Commission (中 華 人 民 共 和 國 國 家 發 展 和 改 革 委 員 會)
“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)
“Renewed Comprehensive Services Agreement”	the comprehensive services contract dated 29 October 2021 entered into between Kalatongke Mining and Fuyun Xingtong in respect of the provision of supporting services to Kalatongke Mining
“Renewed Mutual Supply Agreement”	the master mutual supply agreement dated 29 October 2021 entered into between the Company and Xinjiang Non-ferrous in respect of the mutual provision of the Construction Services, the Supporting and Ancillary Services and the Company’s Products
“Reorganisation”	the reorganisation of the assets and liabilities of Xinjiang Non-ferrous pursuant to which the Company was incorporated on 1 September 2005 including the transfer of certain assets and interests to the Company subsequent to the Company’s incorporation in preparation for the global offering of the Company’s shares in 2007
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

“Supporting and Ancillary Services”	services provided/to be provided by the Xinjiang Non-ferrous Group to the Group under the Existing Mutual Supply Agreement and the Renewed Mutual Supply Agreement which include:(i) production supplies, transportation and supporting services: supplemental production materials (including copper concentrates, chemical materials, coal, coke and product packaging materials) and work safety products; (ii) storage, transportation and loading services: warehousing services in Beijing for the sales and distribution of nickel cathode to the Company’s end-customers in Beijing and its surrounding areas, Hebei province and the north-eastern region of the PRC; transportation service for the delivery of materials including coke and coal; and (iii) other supporting and ancillary services; machinery repair and improvement; geological exploration in the mining areas
“Xinjiang CNPC”	China National Petroleum Corporation (中國石油天然氣集團公司), Xinjiang branch
“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 Non-ferrous Group”	Xinjiang Non-ferrous and its subsidiaries excluding the Company, its subsidiaries and Associates
“%”	per cent.

By order of the Board
Xinjiang 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