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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 ON CHANGE IN ACCOUNTING ESTIMATES

The board of directors (the “**Board**”) of Xinjiang Xinxin Mining Industry Co., Ltd.* (the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to announce that with effect from 1 July 2023, the amortisation method of intangible assets (mining rights) of the Group has been adjusted from the straight-line method to the unit of production method (the “**Change in Accounting Estimates**”).

REASONS FOR THE CHANGE IN ACCOUNTING ESTIMATES

Pursuant to Article 17 of the “Accounting Standards for Business Enterprises No. 6 – Intangible Assets” (Cai Kuai [2006] No. 3)* (《企業會計準則第6號– 無形資產》(財會[2006]第3號)), the method chosen by an enterprise for the amortisation of an intangible asset shall reflect the pattern in which the economic benefit relevant to this intangible asset is expected to realise. If it is unable to determine the expected realisation pattern reliably, the intangible asset shall be amortised through the straight-line method.

The economic benefit of intangible assets (mining rights) is realised through the extraction, selection and sale of minerals extracted from raw ores, which closely relates to the available resource reserves, and has a stronger correlation with mining quantity. In order to objectively and fairly reflect the overall financial position and operating results of the Group, and pursuant to relevant provisions of the Accounting Standards for Business Enterprises, the Board has considered and approved the adjustment of the Group’s amortisation method of the intangible assets (mining rights) from the straight-line method to the unit of production method.

The supervisory committee and the independent non-executive directors of the Company have considered the Change in Accounting Estimates, and are of the view that it is in compliance with the requirements under the Accounting Standards for Business Enterprises and the actual situation of the Company, and therefore agreed such change.

IMPACT OF THE CHANGE IN ACCOUNTING ESTIMATES ON THE COMPANY

In accordance with relevant provisions of the “Accounting Standards for Business Enterprises No. 28 – Changes in Accounting Policies and Estimates and Correction of Errors” (Cai Kuai [2006] No. 3)* (《企業會計準則第28號– 會計政策、會計估計變更和差錯更正》(財會[2006]第3號)), the Change in Accounting Estimates is applied prospectively, and therefore has no impact on the Group financial position and operating results as published in previous years.

The Change in Accounting Estimates is expected to result in a decrease in amortization expense of the Group by approximately RMB6.33 million and an increase in net profit of the Group by approximately RMB5.38 million for the second half of 2023.

The expected financial impact of the Changes in Accounting Estimates set out above is only a preliminary assessment based on the currently available information and is subject to the audited 2023 annual results of the Group. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

By order of the Board
Xinjiang Xinxin Mining Industry Co., Ltd.*
Lam Siu Wing, Wu Ning
Joint Company Secretaries

Xinjiang, the PRC, 29 February 2024

As at the date of this announcement, the executive director of the Company is Mr. Qi Xinhui; the non-executive directors of the Company are Mr. Guo Quan, 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, Mr. Wang Qingming and Mr. Lee Tao Wai.

* For identification purposes only