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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)

2024 FINAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB2,281.4 million, representing an increase of approximately 11.3% as compared to RMB2,049.8 million in 2023.
- Comprehensive profit attributable to shareholders of the Company was approximately RMB185.9 million, representing an increase of approximately 14.3% as compared to RMB162.7 million in 2023.
- Gross profit margin was approximately 24.3%, representing a decrease of approximately 9.6 percentage points as compared to 33.9% in 2023. Net profit margin was approximately 7.6%, representing a decrease of approximately 0.3 percentage point as compared to 7.9% in 2023.
- Basic earnings per share was approximately RMB0.08, representing an increase of approximately RMB0.01 as compared to RMB0.07 in 2023.
- The Board proposed payment of final dividend of RMB0.05 per share, which is the same as the final dividend payout for 2023.

The board of directors (the “**Board**”) of Xinjiang Xinxin Mining Industry Co., Ltd.* (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Year**”).

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	2,281,399	2,049,837
Less: Cost of sales	3	(1,726,646)	(1,354,798)
Taxes and surcharges	3(a)	(48,254)	(43,082)
Selling and distribution expenses		(17,569)	(10,098)
General and administrative expenses		(195,305)	(202,256)
R&D expenses		(39,075)	(57,999)
Financial expenses – net	5	(38,769)	(49,659)
Assets impairment losses	4(b)	(58,544)	(34,499)
Credit impairment reversal/(losses)	4(c)	3,303	(3,646)
Gains/(losses) on changes in fair value	4(d)	17,535	(64,088)
Add: Other income		35,379	9,200
Investment gains/(losses)	4(e)	4,577	(32,855)
Including: Gains/(losses) on investments in joint ventures		5,660	(15,819)
Gains on disposals of assets		308	–
		<hr/>	<hr/>
Operating profit		218,340	206,057
Add: Non-operating income		3,727	6,612
Less: Non-operating expenses	4(a)	(6,809)	(2,715)
		<hr/>	<hr/>
Total profit	4	215,259	209,954
Less: Income tax expenses	6	(41,310)	(47,611)
		<hr/>	<hr/>
Net profit		173,949	162,343
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Classified by continuity of operations			
Net profit from continuing operations		173,949	162,343
Net profit from discontinued operations		<u>–</u>	<u>–</u>
Classified by ownership of the equity			
Net profit attributable to shareholders of the Company		185,918	162,664
Profit and loss attributable to non-controlling interests		<u>(11,969)</u>	<u>(321)</u>
Other comprehensive income after tax		<u>–</u>	<u>–</u>
Total comprehensive income		<u>173,949</u>	<u>162,343</u>
Total comprehensive income attributable to the Company		185,918	162,664
Total comprehensive loss attributable to non-controlling interests		<u>(11,969)</u>	<u>(321)</u>
Earnings per share			
Basic earnings per share (<i>RMB</i>)	7	0.08	0.07
Diluted earnings per share (<i>RMB</i>)	7	<u>0.08</u>	<u>0.07</u>

CONSOLIDATED BALANCE SHEET

As at 31 December

	Notes	2024 RMB'000	2023 RMB'000
ASSETS			
Current assets			
Cash at bank and on hand		533,765	553,829
Financial assets held for trading		444	11,000
Notes receivable		35,558	9,786
Accounts receivable	9	426,308	130,201
Financing receivables	10	59,408	119,681
Advances to suppliers		34,074	26,695
Other receivables		7,014	14,503
Inventories		1,058,515	1,284,579
Other current assets		6,376	13,744
Total current assets		2,161,463	2,164,018
Non-current assets			
Long-term equity investments		190,545	186,086
Investment properties		219,959	224,135
Fixed assets		3,482,063	3,566,731
Construction in progress		493,947	438,516
Rights of use assets		12,995	1,339
Intangible assets		1,054,591	1,124,052
Development cost		22,016	20,075
Goodwill		9,988	9,988
Long-term deferred expenses		1,702	2,344
Deferred tax assets		61,921	88,259
Other non-current assets		12,035	12,035
Total non-current assets		5,561,762	5,673,560
TOTAL ASSETS		7,723,225	7,837,578

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term borrowings		200,160	200,000
Financial liabilities held for trading		–	48,977
Notes payable	11	143,488	224,100
Accounts payable	12	344,271	302,063
Advances from customers		202	–
Contract liabilities		9,194	16,764
Employee benefits payable		119,234	120,083
Taxes payable		12,113	16,739
Other payables		175,468	212,210
Current portion of non-current liabilities		503,632	41,854
Other current liabilities		1,194	2,179
		<hr/>	<hr/>
Total current liabilities		1,508,956	1,184,969
		<hr/>	<hr/>
Non-current liabilities			
Long-term borrowings		96,000	563,700
Lease liabilities		–	–
Long-term payable	13	298,899	333,569
Long-term employee compensation payable		1,481	–
Provisions	14	127,285	120,469
Deferred income		24,533	25,182
Deferred income tax liabilities		80,814	89,181
		<hr/>	<hr/>
Total non-current liabilities		629,012	1,132,101
		<hr/>	<hr/>
TOTAL LIABILITIES		2,137,968	2,317,070
		<hr/> <hr/>	<hr/> <hr/>

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Owners' equity			
Share capital		552,500	552,500
Capital surplus		4,258,570	4,258,570
Special reserve		1,300	–
Surplus reserve		276,250	276,250
Undistributed profits		492,290	416,873
		<hr/>	<hr/>
Total equity attributable to shareholders of the Company		5,580,910	5,504,193
Non-controlling interests		4,347	16,315
		<hr/>	<hr/>
Total owners' equity		5,585,257	5,520,508
		<hr/>	<hr/>
TOTAL LIABILITIES AND OWNERS' EQUITY		7,723,225	7,837,578
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NOTES TO CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 December 2024

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared according to the Accounting Standards for Business Enterprises, the specific standards and other relevant regulations issued by the Ministry of Finance on and after 15 February 2006 (hereafter collectively referred to as the “**Accounting Standard for Business Enterprises**”) and the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – the General Provisions of Financial Reports issued by the China Securities and Regulatory Commission.

The financial statements are prepared on a going concern basis.

The Companies Ordinance (Cap. 622 of the Laws of Hong Kong) went into effect on 3 March 2014, and certain of the disclosures have been adjusted to comply with the requirements of the Companies Ordinance.

Significant changes in accounting policies

The Group had no significant changes in accounting policies during the Reporting Year.

2 SEGMENT INFORMATION

The Group is mainly engaged in the mining, ore processing, smelting, refining of copper and nickel, and the processing and sales of copper, nickel and other non-ferrous metal products. Based on the Group’s internal organisational structure, management requirements, internal reporting policies, and the requirements for segment information in enterprise reporting stipulated by No. 3 Interpretation of Accounting Standard for Business Enterprises, management of the Group deems the Group itself as one operating segment.

For the respective years ended 31 December 2024 and 2023, the Group’s sales were conducted in China, and the Group’s assets and liabilities were in China.

For the Reporting Year, revenue of the top three customers of the Group accounted for 26%, 21% and 12% of the total revenue of the Group, respectively (2023: 36%, 14% and 10%).

3 REVENUE AND COST OF SALES

Revenue and cost of sales recognised during the respective years ended 31 December 2024 and 2023 are analysed as follows:

	Year ended 31 December	
	2024 <i>RMB'000</i>	2023 <i>RMB'000</i> <i>(Note 17)</i>
Revenue from principal operations		
Nickel cathode	1,161,909	1,171,991
Copper cathode	601,838	296,104
Others	496,034	559,517
	2,259,781	2,027,612
Revenue from other operations	21,618	22,225
	2,281,399	2,049,837
Cost of sales from principal operations		
Nickel cathode	815,194	636,156
Copper cathode	552,951	339,437
Others	344,403	370,139
	1,712,548	1,345,732
Cost of sales from other operations	14,098	9,066
	1,726,646	1,354,798
Gross profit margin	24.3%	33.9%

(a) **Taxes and surcharges**

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Resource tax	16,515	16,443
Property tax	14,484	11,228
Education surcharge	5,432	5,261
Urban maintenance and construction tax	4,193	4,093
Land use tax	4,860	3,815
Stamp tax	2,151	1,861
Vehicle and vessel tax	158	103
Environmental protection tax	461	279
	48,254	43,082

4 TOTAL PROFIT

The following items have been deducted from/(included in) the total profit:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Depreciation	267,793	279,344
Amortisation of assets	40,360	41,179
Directors' remuneration	910	1,016
Government grants	(35,126)	(9,073)
Gains on disposal of assets	(308)	–
Donations (<i>Note (a)</i>)	167	248
Losses on scrap of fixed assets (<i>Note (a)</i>)	1,669	451
Assets impairment losses (<i>Note (b)</i>)	58,544	34,499
Credit impairment (reversal)/losses (<i>Note (c)</i>)	(3,303)	3,646
(Gains)/losses on the changes in fair value (<i>Note (d)</i>)	(17,535)	64,088
Investment (gains)/losses (<i>Note (e)</i>)	(4,577)	32,855
Auditors' remuneration	1,790	1,790
Including: non-audit service fees	–	–

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
(a) Non-operating expenses		
Donations	167	248
Losses on scrap of fixed assets	1,669	451
Penalties, liquidated damages and fines	3,718	72
Others	1,256	1,944
	<u>6,809</u>	<u>2,715</u>
(b) Assets impairment losses		
Impairment losses of fixed assets	–	6,071
Impairment losses of intangible assets	31,754	–
Provision for declines in value of inventories	26,790	28,428
	<u>58,544</u>	<u>34,499</u>
(c) Credit impairment (reversal)/losses		
(Reversal)/losses of bad debts for accounts receivable	(2,769)	951
(Reversal)/losses bad debts for other receivables	(534)	2,695
	<u>(3,303)</u>	<u>3,646</u>
(d) (Gains)/losses on changes in fair value		
Metal trading contract	(17,406)	65,839
Cash-settled share-based payments	(129)	(1,751)
	<u>(17,535)</u>	<u>64,088</u>

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
(e) Investment (gains)/losses		
Net (profit)/loss from joint-ventures under equity method	(5,660)	15,819
Unrealised net loss between the joint-venture and the Group	1,201	17,248
Investment gain from disposal of financial assets	(118)	(212)
	<u>(4,577)</u>	<u>32,855</u>

Investment (gains)/losses were all from non-listed investments.

5 FINANCIAL EXPENSES – NET

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Interest expense	23,705	37,498
Interest income	(6,281)	(12,090)
Exchange losses	849	2,786
Other expenditures	20,496	21,465
	<u>38,769</u>	<u>49,659</u>

6 INCOME TAX EXPENSES

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current income tax	23,339	37,435
Deferred income tax	17,971	10,176
	<u>41,310</u>	<u>47,611</u>

The Group applies the PRC Corporate Income Tax Law passed by the National People's Congress on 16 March 2007. The corporate income tax rate is 25%.

The rate of income tax applicable to the Group and the relevant approval documents are set out below:

- (a) 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 Department of Science and Technology of Xinjiang Uygur Autonomous Region, the Department of Finance of Xinjiang Uygur Autonomous Region, and Xinjiang Uygur Autonomous Region Tax Service, State Taxation Administration. The certificate number is GR202065000296, and the validity period is three years. On 16 October 2023, it obtained the certificate of high-tech enterprise jointly issued by the above-mentioned units. The certificate number is GR202365000012, and the validity period is three years. The Company continued to calculate and pay corporate income tax using the preferential rate of 15% for the year 2024 (2023: 15%). The Company obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and Information of Xinjiang Uygur Autonomous Region in previous years.
- (b) The subsidiary of the Company, Xinjiang Yakesi Resources Co., Ltd. (hereafter referred to as “**Xinjiang Yakesi**”), obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and Information of Xinjiang Uygur Autonomous Region in previous years. Xinjiang Yakesi continued to calculate and pay corporate income tax using the preferential rate of 15% for the year 2024 (2023: 15%).

- (c) The subsidiary of the Company, Hami Jubao Resources Development Co., Ltd. (hereafter referred to as “**Hami Jubao**”), obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and Information of Xinjiang Uygur Autonomous Region in previous years. Hami Jubao continued to calculate and pay corporate income tax using the preferential rate of 15% for the year 2024 (2023: 15%).

- (d) The subsidiary of the Company, Xinjiang Kalatongke Mining Co., Ltd. (hereafter referred to as “**Kalatongke Mining**”), obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and information of Xinjiang Uygur Autonomous Region in previous years. Kalatongke Mining continued to calculate and pay corporate income tax using the preferential 15% for the year 2024 (2023: 15%).

- (e) The subsidiary of the Company, Xinjiang Mengxi Mining Industry Co., Ltd. (hereafter referred to as “**Mengxi Mining**”), in accordance with the Ministry of Finance and the State Taxation Administration Announcement No. 12 of 2023, is a small-scaled and minimal profit enterprise of which annual taxable income does not exceed RMB1 million, and thus, can calculate the taxable income at a reduced rate of 25%, and pay corporate income tax at a tax rate of 20% (2023: 20%).

The reconciliation from income tax calculated using the applicable tax rates based on the total profit presented in the consolidated income statement to the income tax expenses is listed below:

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Consolidated total profit	<u>215,259</u>	<u>209,954</u>
Income tax expenses calculated at the statutory income tax rate	53,815	52,489
Effect of tax deductions	(26,034)	(21,041)
Income not subject to tax	2,936	2,132
Costs, expenses and losses not deductible for tax purposes	1,212	1,350
Deductible losses for which no deferred tax assets were recognised in the current period	2,274	1,865
Utilisation of deductible losses not recognised as deferred tax assets in prior years	–	(1,916)
Effect of prior income tax reconciliation	<u>7,107</u>	<u>12,732</u>
Income tax expenses	<u>41,310</u>	<u>47,611</u>

7 EARNINGS PER SHARE

	Year ended 31 December	
	2024	2023
Consolidated net profit attributable to holders of ordinary shares of the Company (<i>RMB'000</i>)	185,918	162,664
Weighted average number of ordinary shares in issue of the Company (<i>in thousands</i>)	<u>2,210,000</u>	<u>2,210,000</u>
Basic and diluted earnings per share (<i>RMB</i>)	<u>0.08</u>	<u>0.07</u>

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share in issue for all years presented.

8 PROPOSED FINAL DIVIDENDS

The Board proposed payment of a final dividend of RMB0.05 (2023: RMB0.05 per share) per share by the Company for the Reporting Year and such proposal will be subject to the approval by the shareholders of the Company at the 2024 annual general meeting of the Company (“AGM”).

	Year ended 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Proposed final dividend	110,500	110,500

9 ACCOUNTS RECEIVABLE

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Accounts receivable (<i>Note (a), (b)</i>)	430,417	137,079
Less: provision for bad debts (<i>Note (c)</i>)	(4,109)	(6,878)
	426,308	130,201

Notes:

- (a) The ageing of accounts receivable is analysed as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within one year	426,544	130,703
One to two years	13	460
Two to three years	150	310
Three to four years	–	559
Four to five years	249	310
Over five years	3,461	4,737
	430,417	137,079

- (b) The Group conducted sales transactions mainly through cash on credit sales, and credit terms not exceeding 180 days were granted.

- (c) The movements of provision for bad debts of accounts receivable are as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
As at 1 January	6,878	5,927
Provision for bad debts	(2,245)	951
Reversal of provision for bad debts	(524)	–
As at 31 December	4,109	6,878

The provision and reversal thereof for bad debts of accounts receivable have been included in “credit impairment (reversal)/loss” in the consolidated income statement.

- (d) As at 31 December 2024 and 31 December 2023, there were no accounts receivable pledged as collaterals to bank for borrowings.

10 FINANCING RECEIVABLES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Bank acceptance notes	<u>59,408</u>	<u>119,681</u>

The Group endorses most of its bank acceptance notes according to their daily cash management needs. Therefore, the bank acceptance notes are classified as financial assets measured at fair value and their changes in value are recognised in other comprehensive income and presented as financing receivables.

The Group considers that the bank acceptance notes held have similar credit risk characteristics, therefore there are no bank acceptance notes for which provision for impairment is made on an individual basis. In addition, there is no significant credit risk associated with the bank acceptance notes and no significant loss is expected to be incurred due to bank defaults.

As at 31 December 2024, the Group had no pledged bank acceptance notes receivable listed in financing receivables (31 December 2023: Nil).

As at 31 December 2024, the bank acceptance notes of the Group that had been endorsed or discounted but had not yet matured are as follows:

	Derecognised	Not
	<i>RMB'000</i>	derecognised <i>RMB'000</i>
Bank acceptance notes	<u>600,059</u>	<u>–</u>

11 NOTES PAYABLE

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Bank acceptance notes	<u>143,488</u>	<u>224,100</u>

12 ACCOUNTS PAYABLE

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Payable for purchase of materials	266,965	229,118
Payable for purchase of services	68,435	63,933
Payable for transportation fees	7,381	6,872
Others	1,490	2,140
	344,271	302,063

- (a) As at 31 December 2024, accounts payable over one year with a carrying amount of RMB65,559 thousand (31 December 2023: RMB38,617 thousand) were mainly payables for the purchase of materials. The payment has not been finally settled yet.
- (b) The ageing of accounts payable is analysed as follows:

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	278,713	263,446
1 to 2 years	37,478	23,115
2 to 3 years	16,499	4,794
Over 3 years	11,582	10,708
	344,271	302,063

13 LONG-TERM PAYABLES

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Mineral resources royalties (a)	331,077	365,909
Cash stock appreciate right payable	–	127
Grant projects for water/electricity/heat (gas) supply and property management maintenance and renovation	3,615	3,615
Less: Long-term payables due within one year	(35,793)	(36,082)
	<u>298,899</u>	<u>333,569</u>

- (a) The Group has assessed the royalties of the relevant mining rights in accordance with the Notice on Issuing the Plan for Reforming the Royalty System for Mineral Resources issued by the State Council, the Interim Measures for the Administration of Mining Rights Grant Proceeds Collection issued by the Ministry of Finance and the Implementation Plan for the Pilot Work of the Reform of the Mining Rights Transfer System in the Xinjiang Uygur Autonomous Region, and the total amount of royalties has been determined after the review and approval by the relevant authorities.

As at 31 December 2024, the Group's unpaid mineral resources royalties in the two copper-nickel mines in Hami Huangshan East and Huangshan with a present value of RMB331,077 thousand will be paid to the Department of Natural Resources of Xinjiang Uygur Autonomous Region in installments over a period of 10 years. The Group has included the present value of the mineral resource royalties in the original value of the intangible asset, mining rights.

14 PROVISIONS

	As at 31 December 2023 <i>RMB'000</i>	Current year increase <i>(i)</i> <i>RMB'000</i>	Current year decrease <i>RMB'000</i>	As at 31 December 2024 <i>RMB'000</i>
Provision for mine closure and environmental restoration	<u>120,469</u>	<u>6,816</u>	<u>–</u>	<u>127,285</u>

- (i) A provision for mine closure and environmental restoration is recognised for the costs to be incurred for the closedown of mine shafts and tailings dam of Kalatongke Mining, Xinjiang Yakesi, and Hami Jubao, which has been determined by the management based on their past experience and best estimate of future environmental restoration costs by discounting the expected future expenditures to their net present value. As the effect of the current mining activities on land and the environment becomes more apparent in the following years, this provision may be subject to revision accordingly in the future. The relevant amounts of mine closure and environmental restoration costs will be reviewed and updated annually as appropriate.

The Group has formulated a mine geo-environmental protection and land reclamation plan for the relevant mines in accordance with the “Measures for the Administration of the Xinjiang Uygur Autonomous Region Mine Geological Environment Governance and Restoration Fund” issued in January 2022 by the Department of Natural Resources of Xinjiang Uygur Autonomous Region. According to the mine geo-environmental protection and land reclamation plan and the relevant provisions of the Accounting Standard for Business Enterprises, the mine geo-environmental restoration and treatment costs were recognised as the abandonment cost, included in the accounting cost of relevant assets, amortised in accordance with the output ratio and other methods within the expected mining life, and included in the production cost.

15 NET CURRENT ASSETS

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current assets	2,161,463	2,164,018
Less: Current liabilities	<u>(1,508,956)</u>	<u>(1,184,969)</u>
Net current assets	<u>652,507</u>	<u>979,049</u>

16 TOTAL ASSETS LESS CURRENT LIABILITIES

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Total assets	7,723,225	7,837,578
Less: Current liabilities	<u>(1,508,956)</u>	<u>(1,184,969)</u>
Total assets less current liabilities	<u>6,214,269</u>	<u>6,652,609</u>

17 EXPLANATION OF OTHER MATTERS

Certain figures for the year of 2023 have been restated to conform to the format of disclosure of the Reporting Year.

MARKET OVERVIEW

In 2024, the average three-month future price of nickel cathode quoted on the London Metal Exchange was US\$17,058 per tonne, representing a decrease of approximately 20.8% as compared to that in 2023, and the average three-month future price of copper cathode was US\$9,263 per tonne, representing an increase of approximately 6.5% as compared to that in 2023.

In 2024, the average settlement price (tax inclusive) of nickel cathode quoted on the Shanghai Futures Exchange was RMB132,112 per tonne, representing a decrease of approximately 22.8% as compared to that in 2023; the average spot price (tax inclusive) of nickel cathode and copper cathode quoted on Shanghai Yangtze River Non-ferrous Metals Spot Market were RMB133,384 per tonne and RMB75,091 per tonne, representing a decrease of approximately 22.1% and an increase of approximately 9.8% as compared to those in 2023, respectively.

The domestic price trends of nickel cathode and copper cathode were basically in line with the international market in 2024.

INDUSTRY POSITION

The Group is a mining company principally engaged in the mining, ore processing, smelting and refining of nickel cathode products and other non-ferrous metals (namely, copper, cobalt, gold, silver, platinum and palladium). According to the statistics of China Nonferrous Metals Industry Association, the domestic nickel output in 2024 was 378,000 tonnes, representing an increase of approximately 62.9% as compared to that in 2023. The Group produced 10,274 tonnes of nickel cathode in 2024, making it the second largest domestic manufacturer of nickel cathode produced with nickel sulfide resources in China.

BUSINESS REVIEW

Production and Operation

For the year of 2024, in order to cope with the adverse impact of the rising procurement prices of raw materials on enterprises, and in accordance with the relevant requirements of the State and Xinjiang government regarding enhancing production safety and improvement on environmental protection indicators, the Group continued to enhance the upgrade and transformation of the production safety facilities, environmental protection facilities and the major production processes, strengthen the enterprise party building work and other fundamental management work, adjust internal operation structure, optimise the technical and economic indicators of production processes, strictly control non-production expenditures, supplement and improve technological renovation and capacity expansion projects as well as perform technical commissioning to reach the level of production capacity and production standard and comprehensively enhance the enterprise's operational efficiency. In the meantime, the Group continued the marketing strategies of pricing sales by using a combination of spot and futures prices, in order to achieve the goal of realising the sales of major products of the Group with a relatively higher market price to enhance the economic efficiency.

For the year of 2024, the Group recorded a total nickel cathode output of 10,274 tonnes, representing an increase of approximately 36.7% as compared to that in 2023, and a total copper cathode output of 8,792 tonnes, representing an increase of approximately 52.4% as compared to that in 2023.

For the year of 2024, the Group recorded total nickel cathode sales of 9,998 tonnes, representing an increase of approximately 29.1% as compared to 7,747 tonnes in 2023, and total copper cathode sales of 8,939 tonnes, representing an increase of approximately 82.1% as compared to 4,908 tonnes in 2023.

For the year of 2024, the Group recorded an average selling price (tax exclusive, including gains and losses from changes in fair value) of nickel cathode of approximately RMB117,604 per tonne, representing a decrease of approximately 17.5% as compared to RMB142,601 in 2023, and the average selling price (tax exclusive, including gains and losses from changes in fair value) of copper cathode of approximately RMB67,326 per tonne, representing an increase of approximately 11.6% as compared to RMB60,334 in 2023.

For the year of 2024, the Group recorded an average cost of sales of nickel cathode of approximately RMB81,539 per tonne, representing a decrease of approximately 0.7% as compared to RMB82,113 in 2023, and the average cost of sales of copper cathode of approximately RMB61,857 per tonne, representing a decrease of approximately 10.6% as compared to RMB69,164 in 2023.

For the year of 2024, the Group achieved revenue of approximately RMB2,281.4 million, representing an increase of approximately 11.3% as compared to that in 2023; the Group realised a net profit of approximately RMB173.9 million, while the net profit was approximately RMB162.3 million in 2023; a comprehensive profit attributable to shareholders of the Company amounted to approximately RMB185.9 million, as compared to a comprehensive profit attributable to shareholders of the Company of approximately RMB162.7 million in 2023; earnings per share (basic and diluted) of approximately RMB0.08 as compared to earnings per share (basic and diluted) of approximately RMB0.07 in 2023.

Progress of Technological Renovation and Capacity Expansion Projects and Infrastructure Projects

For the year of 2024, the technological renovation and capacity expansion projects carried out by the Group mainly included the technological renovation project of Kalatongke Mining in relation to the enhancement of smelting processes and the improvement of the mining, ore processing and smelting capacities as well as environmental protection standards, the technological renovation and capacity expansion project of Fukang Refinery in relation to the enhancement of the auxiliary facilities to improve the refining capacities and automation of nickel cathode and copper cathode, and the technological renovation and capacity expansion project of Xinjiang Yakesi and Jubao Company in relation to the improvement of the production capacity and ore quality. The major technological renovation and capacity expansion projects of the Group proceeded smoothly as a whole in 2024 and the work progress requirements were completed as scheduled during the year. The investment on each major technological renovation and capacity expansion project is as follows:

For the year of 2024, a total of approximately RMB125.2 million was invested in the technological renovation and capacity expansion project of Kalatongke Mining in relation to the further enhancement of the daily mining capacity to 3,400 tonnes, daily ore processing capacity to 3,000 tonnes, annual production capacity of water hardening and nickel matte to 8,000 tonnes as well as improvement of environmental protection standards.

For the year of 2024, a total of approximately RMB13.9 million was invested in the technological renovation and capacity expansion project of Fukang Refinery in relation to the enhancement of the auxiliary facilities to improve the refining capacities and automation of nickel cathode and copper cathode.

For the year of 2024, a total of approximately RMB36.3 million was invested in the technological renovation and capacity expansion project of Xinjiang Yakesi and Jubao Company in relation to the improvement of the production capacity and ore quality.

Safety and Environmental Protection

The Group adheres to the safety and environmental protection work policies of “Safety First, Precaution Foremost” and “Equal Emphasis on both Resource Exploitation and Environmental Protection” and earnestly carries out the Group’s production safety and environmental protection work. In 2024, the Group achieved its target of production safety. The environmental protection work was conducted in strict compliance with the relevant national laws and regulations.

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSAL

During the Reporting Year, there were no significant assets acquisition or disposal, merger or equity investments of the Company.

FINANCIAL REVIEW

Operating Results

In 2024, the revenue of the Group amounted to approximately RMB2,281.4 million, representing an increase of approximately 11.3% as compared to approximately RMB2,049.8 million in 2023; the comprehensive net profit of the Group amounted to approximately RMB173.9 million, representing an increase of approximately 7.1% as compared to the comprehensive net profit of the Group amounting to RMB162.3 million in 2023; the comprehensive net profit attributable to the shareholders of the Company amounted to approximately RMB185.9 million, representing an increase of approximately 14.3% as compared to the comprehensive net profit attributable to the shareholders of the Company amounting to approximately RMB162.7 million in 2023. The increase in the annual operation results in 2024 as compared to that in 2023 was primarily due to: (1) the sales volume of nickel cathode increased from 7,747 tonnes in 2023 to 9,998 tonnes in 2024, representing an increase of approximately 29.1%; (2) the sales volume of copper cathode increased from 4,908 tonnes in 2023 to approximately 8,939 tonnes in 2024, representing an increase of approximately 82.1%; and (3) the gain on change in fair value amounted to RMB17.5 million in 2024, compared to the loss on change in fair value of RMB64.1 million in 2023, representing an increase of approximately RMB81.6 million.

REVENUE AND GROSS PROFIT OF THE PRINCIPAL BUSINESSES

The following table illustrates the details of sales by products of the Group for the years ended 31 December 2024 and 31 December 2023, respectively:

Product Name	For the year ended 31 December 2024			For the year ended 31 December 2023			Growth Rate in Amount +/(–)
	Sales volume Tonnes	Amount RMB'000	% to Revenue from principal operation	Sales volume Tonnes	Amount RMB'000	% to Revenue from principal operation	
Nickel cathode	9,998	1,161,909	51.4%	7,747	1,171,991	57.8%	(0.9%)
Copper cathode	8,939	601,838	26.7%	4,908	296,104	14.6%	103.3%
Copper concentrate	10,001	136,578	6.0%	7,703	93,862	4.6%	45.5%
Other products		359,456	15.9%		465,655	23.0%	(22.8%)
Of which:							
Electrolytic cobalt	–	–	–	–	–	–	(100.0%)
Precious metal materials	555	42,866	1.9%	1,561	93,368	4.6%	(54.1%)
Copper leaching tailings	6,578	222,359	9.8%	6,623	227,665	11.2%	(2.3%)
Total revenue from principal operation		<u>2,259,781</u>	<u>100.0%</u>		<u>2,027,612</u>	<u>100.0%</u>	<u>11.5%</u>
Gains or losses on changes in fair value		17,407			(65,839)		
Cost of sales from principal operation		<u>(1,712,548)</u>	<u>75.8%</u>		<u>(1,345,732)</u>	<u>66.4%</u>	<u>27.3%</u>
Gross profit/ Gross profit margin*		<u><u>564,640</u></u>	<u><u>24.8%</u></u>		<u><u>616,041</u></u>	<u><u>31.4%</u></u>	<u><u>(8.3%)</u></u>

* *Gross profit = (total revenue of principal operation ± gains or losses on changes in fair value - cost of sales from principal operation)/(total revenue of principal operation ± gains or losses on changes in fair value)*

In 2024, the revenue of nickel cathode of the Group (including gains or losses on changes in fair value of approximately RMB13.8 million) amounted to approximately RMB1,175.8 million, representing an increase of approximately 6.4% as compared to that in 2023, which was mainly attributable to the increase in the production and sales volume of nickel cathode. The Group's average selling price of nickel cathode in 2024 amounted to approximately RMB117,604 per tonne (tax exclusive, including gains and losses from changes in fair value), representing a decrease of approximately 17.5% as compared to approximately RMB142,601 per tonne (tax exclusive, including gains and losses from changes in fair value) in 2023. In 2024, the Group's sales volume of nickel cathode was 9,998 tonnes, representing an increase of approximately 29.1% as compared to 7,747 tonnes in 2023.

In 2024, the revenue of copper cathode of the Group amounted to approximately RMB601.8 million, representing an increase of approximately 103.2% as compared to that in 2023, which was mainly due to the increase in the production and sales volume of copper cathode. The Group's average selling price of copper cathode in 2024 was approximately RMB67,326 per tonne (tax exclusive), representing an increase of approximately 11.6% as compared to approximately RMB60,334 per tonne (tax exclusive) in 2023. The Group's sales volume of copper cathode in 2024 was 8,939 tonnes, representing an increase of approximately 82.1% as compared to 4,908 tonnes in 2023.

In 2024, the revenue of copper concentrate of the Group (including gains and losses from changes in fair value of approximately RMB3.6 million) was approximately RMB140.1 million, representing an increase of approximately 47.2% as compared to that in 2023, which was mainly due to the decrease in sales volume of copper concentrate. The Group's average selling price of copper concentrate in 2024 was approximately RMB14,011 per tonne (tax exclusive, including gains and losses from changes in fair value), representing an increase of approximately 13.3% as compared to approximately RMB12,364 per tonne (tax exclusive, including gains and losses from changes in fair value) in 2023. The Group's sales volume of copper concentrate in 2024 was approximately 10,001 tonnes, representing an increase of approximately 29.8% as compared to 7,703 tonnes in 2023.

In 2024, the revenue of other products of the Group amounted to approximately RMB359.5 million, representing a decrease of approximately 22.8% from RMB465.7 million in 2023, which was mainly attributable to the revenue from the sales of previous metal materials amounting to approximately RMB42.9 million in 2024, representing a decrease of 54.1% from RMB93.4 million in 2023.

In 2024, the gross profit from the Group's principal business amounted to approximately RMB564.6 million, representing a decrease of approximately RMB51.4 million as compared to approximately RMB616.0 million in 2023. The gross profit margin of the principal business was approximately 24.8% in 2024, representing a decrease of approximately 6.6 percentage points as compared to approximately 31.4% in 2023, which was mainly due to a decrease in the average selling price of nickel cathode.

SELLING EXPENSES

In 2024, selling expenses incurred by the Group increased by approximately 74.3% to approximately RMB17.6 million, as compared to approximately RMB10.1 million in 2023, which was mainly due to the increase in the sales of the Group's major products, as well as the transportation fees that were incurred for the sales of products to the regions outside of Xinjiang were increased in the Reporting Year.

GENERAL AND ADMINISTRATIVE EXPENSES

In 2024, the general and administrative expenses incurred by the Group decreased by approximately 3.5% to approximately RMB195.3 million, as compared to approximately RMB202.3 million in 2023.

FINANCE EXPENSES – NET

In 2024, net finance expenses incurred by the Group amounted to approximately RMB38.8 million, representing a decrease in finance expenses of RMB10.9 million as compared to net finance expenses of RMB49.7 million in 2023, which was mainly due to the Group's research and analysis on financing environment, timely adjustment of the scale of financing, active expansion of financing channels and reduction of financing costs, resulting in a decrease of loan interest expenses by approximately RMB10.8 million.

NET LOSS FROM ASSET IMPAIRMENT

Net loss from asset impairment for the year was approximately RMB58.5 million (2023: RMB34.5 million), which included provision for declines in value of inventories amounting to approximately RMB26.8 million and impairment losses of intangible assets amounting to approximately RMB31.7 million.

FINANCIAL POSITION

In 2024, shareholders' equity increased from approximately RMB5,520.5 million at the end of 2023 to approximately RMB5,585.3 million, primarily due to the distribution of dividends of approximately RMB110.5 million and a profit of RMB173.9 million in 2024. Total assets decreased by approximately 1.45% from approximately RMB7,837.6 million in 2023 to approximately RMB7,723.2 million in 2024, basically remaining at the same level with that in 2023.

In 2024, the net cash inflow generated from the Group's operating activities amounted to approximately RMB197.6 million, representing a decrease of approximately RMB360.4 million, as compared to the net cash inflow of approximately RMB558.0 million in 2023. The net cash outflow used in investing activities was approximately RMB58.9 million, which was mainly attributable to the acquisition of fixed assets and other long-term assets. The net cash outflow used in financing activities amounted to approximately RMB153.6 million, of which the cash inflow from financing activities was mainly attributable to the bank loans received by the Group of approximately RMB200.0 million and the cash outflow from financing activities was mainly attributable to the Group's repayment of bank loans and interest of approximately RMB224.9 million and distribution of dividends of approximately RMB110.5 million.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2024, the Group had total cash and cash equivalents amounting to approximately RMB468.8 million (2023: RMB483.7 million), and the total borrowings of the Group amounted to approximately RMB763.7 million (2023: RMB768.1 million). As such, the net debts of the Group (total borrowings less cash and cash equivalents) amounted to approximately RMB295.2 million (2023: RMB284.4 million) and the gearing ratio (net debts divided by total capital*) was approximately 5.0% (2023: 4.9%).

	As at 31 December	
	2024	2023
Current ratio (<i>times</i>)	1.4	1.8
Gearing ratio (<i>net debts/total capital*</i>)	5.0%	4.90%

* *Total Capital: net debts + total equity*

COMMODITY PRICE RISK

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

FOREIGN EXCHANGE RATE FLUCTUATIONS RISK

The Company's businesses are solely conducted in RMB. The fluctuations of exchange rates may affect the prices of the international and domestic non-ferrous products, and thus affecting the operating results of the Group. The volatility of the RMB exchange rate has intensified in recent years due to uncertainties in the global economic cycle, the trading environment and the monetary policies of certain major countries. Fluctuations in exchange rates may have an adverse effect on the Group's conversion or exchange of net assets, earnings and any declared dividends into Hong Kong dollars.

ENVIRONMENTAL RISK

The Chinese economy has shifted from a fast-growing period 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 supervision will increase the volatility of output of enterprises to some extent. The Group will continue to strengthen the upgrade of its major production processes to cater for the optimisation of domestic economic structure, changes in development patterns and the requirements of the State and Xinjiang government for enhancing production safety and improvement of environmental protection standard.

INTEREST RATE RISK

The Group's interest rate risk mainly arises from bank loans. 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 the prevailing market situation. As of 31 December 2024, the Group's interest-bearing debts were mainly floating rate borrowings denominated in RMB, which amounted to approximately RMB763.7 million (2023: RMB768.1 million) and the Group had no interest rate swap arrangement.

CHARGE ON ASSETS

The Group did not have any charges or pledges over its assets as at 31 December 2024.

MAJOR LITIGATION OR ARBITRATION

The Group does not have any major litigation or arbitration as at the date of this announcement.

CONTINGENT LIABILITIES

The Company and the joint venture partner provided guarantees for the bank loans by Hexin Mining, of which the Company provided a corporate guarantee for Hexin Mining in the amount of RMB25.0 million (2023: RMB62.75 million). Such corporate guarantees remained in force as at 31 December 2024. Save as disclosed above, the Group did not have any other material contingent liabilities as at 31 December 2024.

CAPITAL COMMITMENTS

Capital expenditures contracted for but not yet necessary to be recognised

	As at 31 December	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Buildings, machinery, mining structure and equipment	<u>45,196</u>	<u>49,362</u>

EVENTS AFTER THE BALANCE SHEET DATE

In accordance with the resolution of the Board on 28 March 2025, the Board proposed the Company to distribute a dividend of approximately RMB110.5 million to all shareholders, which is pending the consideration and approval at the Company's AGM and has not been recognised as a liability in the financial statements.

The Group has no other events after the balance sheet date that need to be disclosed or adjusted as at the date of this announcement.

OTHER SIGNIFICANT EVENTS

On 14 February 2025, the Company entered into an equity transfer agreement with Xinjiang Non-ferrous to acquire 51% equity interests in Xinjiang Huaou Mining Co., Ltd.* (新疆華甌礦業有限公司) (“**Huaou Mining**”) held by it at a consideration of approximately RMB1,098 million (the “**Acquisition**”). For details of the transaction, please refer to the circular of the Company dated 24 March 2025.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is therefore subject to the reporting, announcement, circular and shareholders’ approval requirements under Chapter 14 of the Listing Rules.

As at the date of this announcement, Xinjiang Non-ferrous is the controlling shareholder (as defined under the Listing Rules) of the Company and is beneficially interested in approximately 40.06% of the entire issued share capital of the Company. Accordingly, Xinjiang Non-ferrous is a connected person of the Company and the Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Acquisition is more than 5%, the Acquisition is subject to the reporting, announcement, circular and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

As of the date of this announcement, the Acquisition has been approved by the Xinjiang State-owned Assets Supervision and Administration Commission and the Board of the Company, and its implementation is subject to the approval of the independent shareholders at the general meeting.

OUTLOOK

Operating Environment

For the year of 2025, uncertainties that have an impact on global economic development still persist, and the global economy is experiencing insufficient growth momentum. Meanwhile, China is undergoing a transitional phase towards high-quality development, placing greater emphasis on deepening reform and opening up, technological innovation, and optimising industrial structure, and yet it is expected to maintain a relatively stable growth (the Chinese government forecasts China’s GDP growth rate to be approximately 5% in 2025). In this regard, the Group expects the consumption volume of nickel cathode and copper cathode in the domestic non-ferrous metal market will increase in 2025.

For the year of 2025, the Group will strengthen its management, enhance the Group’s overall management level and operational efficiency, explore its internal potential, ensure the balanced operation, stabilised production and over-production for the full process of mining, ore processing, smelting and refining of the Group, and maintain stability in the production level of major products.

Operational Objectives

For the year of 2025, the Group plans to produce 12,000 tonnes of nickel cathode, representing an increase of approximately 9.1% as compared with the planned production of nickel cathode in 2024, and plans to produce 9,900 tonnes of copper cathode for the year 2025, which was the same as the planned production of copper cathode in 2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor its subsidiaries purchased, sold or redeemed any of the Company's listed shares during the Reporting Year.

CORPORATE GOVERNANCE

The Company strives to attain and maintain relatively high standards of corporate governance that are best suited to the needs and interests of the Group, as it believes that effective corporate governance practices are fundamental to safeguarding the interests of its shareholders and other stakeholders and enhancing shareholder value.

The Board has adopted the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”). The Company has fully complied with all the code provisions under the CG Code during the period from 1 January 2024 to 31 December 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) in Appendix C3 to the Listing Rules as its own code of conduct for securities transactions by the directors of the Company (the “**Directors**”) and the supervisors of the Company (the “**Supervisors**”). Having made specific enquiries to all the Directors and Supervisors, the Company confirms that all the Directors and Supervisors have complied with the required standards as set out in the Model Code for the Reporting Year.

AUDIT COMMITTEE

The audit committee of the Company (the “**Audit Committee**”) comprises one non-executive Director, Mr. Hu Chengye, and two independent non-executive Directors, Mr. Hu Benyuan and Mr. Lee Tao Wai. Mr. Hu Benyuan serves as the chairman of the Audit Committee. The Board believes that members of the Audit Committee have sufficient knowledge and expertise in accounting and financial management to enable them to perform their duties.

The Audit Committee holds meetings on a regular basis and convened three meetings during the Reporting Year. The average attendance rate was approximately 89%. The 2023 final results announcement and annual report, the 2024 annual audit plan and the 2024 interim results announcement and interim report of the Company were reviewed at the meetings of the Audit Committee. The Audit Committee has also reviewed the final results for the Reporting Year.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company’s website at kunlun.wsfg.hk and the website of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The annual report of the Company will also be available at the Company’s and the Stock Exchange’s websites in mid to late April 2025.

DIVIDEND

At the meeting of the Board held on 28 March 2025, the Board proposed that payment of final dividend of RMB0.05 per share for the Reporting Year be made by the Company, which is subject to the approval of the Company’s shareholders at the AGM.

For the distribution of dividends, dividends payable to the holders of domestic shares of the Company will be paid in Renminbi (“**RMB**”), while dividends payable to the holders of H-shares of the Company (“**H Shares**”) will be declared in RMB but paid in Hong Kong dollars. The relevant exchange rate between Hong Kong dollars and RMB shall be the average exchange rate between RMB and Hong Kong dollars as announced by the People’s Bank of China five business days preceding the date when the AGM of the Company is held.

Pursuant to the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法》), the Implementation Regulations of the PRC Individual Income Tax Law (《中華人民共和國個人所得稅法實施條例》), the Administrative Measures of the State Administration of Taxation on Tax Convention Treatment for Non-resident Taxpayers (No. 35 of the Announcement of the State Administration of Taxation for 2019) (《國家稅務總局非居民納稅人享受協定待遇管理辦法》) (國家稅務總局公告2019年第35號), the Notice of the State Administration of Taxation on the Questions Concerning the Levy and Administration of Individual Income Tax After the Repeal of Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)), other relevant laws and regulations and other regulatory documents, the Company shall, as a withholding agent, withhold and pay individual income tax for the individual holders of H Shares in respect of the dividend to be distributed to them. However, the individual holders of H Shares may be entitled to certain tax preferential treatments pursuant to the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled and the tax arrangements between Mainland China and Hong Kong or Macau. For individual holders of H Shares in general, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares in the distribution of the dividend. However, the tax rates applicable to overseas individual holders of H Shares may vary depending on the tax treaties between the PRC and the countries (regions) in which the individual holders of H Shares are domiciled, and the Company will withhold and pay individual income tax on behalf of the individual holders of H Shares in the distribution of the dividend accordingly.

For non-resident enterprise holders of H Shares, i.e., any shareholders of the Company who hold the shares in the name of non-individual shareholders, including but not limited to HKSCC Nominee Limited, other nominees, trustees, or holders of H Shares registered in the name of other groups or organisations, the Company will withhold and pay the enterprise income tax at the tax rate of 10% for such holders of H Shares pursuant to the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprises Income Tax on the Dividends Paid by Chinese Resident Enterprises to H Share Holders Who Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《國家稅務總局關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)).

Should the holders of H Shares have any doubt in relation to the aforesaid arrangements, they are recommended to consult their tax advisors for relevant tax impact in the PRC, Hong Kong and other countries (regions) on the possession and disposal of H Shares.

The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the holders of H Shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the holders of H Shares or any disputes over the withholding mechanism or arrangements.

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

Xinjiang, the PRC, 28 March 2025

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

* *For identification purposes only*