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)

2010 FINAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- **Revenue was RMB1,125,163,000, an increase of 59.4% from previous year (2009: RMB705,938,000)**
- **Profit attributable to owners was RMB349,902,000, an increase of 54.3% from previous year (2009: RMB226,745,000)**
- **Basic earnings per share was RMB0.158 (2009: RMB0.103)**
- **Proposed final dividend per share was RMB0.15 (2009: RMB0.05)**

The board of directors (the "Board") of Xinjiang Xinxin Mining Industry Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2010 (the "Reporting Year").

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Year ended 31 December	
		2010	2009
	Note	***RMB'000***	*RMB'000*
Revenue	*3*	**1,125,163**	705,938
Cost of sales	*4*	**(685,226)**	(419,050)
Gross profit		**439,937**	286,888
Distribution costs	*4*	**(6,247)**	(8,720)
Administrative expenses	*4*	**(119,692)**	(93,788)
Other gains/(losses) – net	*5*	**3,839**	(5,505)
Operating profit		**317,837**	178,875
Finance income		**37,997**	50,730
Finance costs		**(314)**	(241)
Finance income-net	*6*	**37,683**	50,489
Share of loss of a joint-venture		**(1,911)**	(992)
Share of loss of an associate		**(1,165)**	(1,080)
Profit before income tax		**352,444**	227,292
Income tax expense	*7*	**(2,585)**	(747)
Profit for the year		**349,859**	226,545
Other comprehensive income, net of tax		**–**	–
Total comprehensive income for the year		**349,859**	226,545
Profit/total comprehensive income attributable to:			
Owners of the Company		**349,902**	226,745
Non-controlling interests		**(43)**	(200)
		349,859	226,545
Earnings per share for profit attributable to the owners of the Company during the year *(expressed in Renminbi per share)*			
– Basic and diluted	*8*	**0.158**	0.103
Proposed final dividends	*9*	**331,500**	110,500

CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2010	2009
	Note	***RMB'000***	*RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**2,906,323**	1,919,017
Mining rights		**644,075**	658,645
Land use rights		**121,426**	124,366
Intangible assets		**28,385**	28,545
Investment in a joint-venture		**141,766**	143,677
Investment in an associate		**4,656**	5,821
Other non-current asset		**56,066**	53,000
Deferred tax assets		**29,563**	21,946
Total non-current assets		**3,932,260**	2,955,017
Current assets			
Inventories		**447,985**	261,180
Trade and bills receivables	*10*	**165,441**	13,583
Other receivables and prepayments		**126,164**	92,552
Interest receivable		**3,439**	11,699
Cash and cash equivalents		**1,501,686**	2,301,418
Restricted cash		**44,172**	–
Total current assets		**2,288,887**	2,680,432
Total assets		**6,221,147**	5,635,449
EQUITY			
Equity attributable to owners of the Company			
Share capital		**552,500**	552,500
Capital reserve		**4,055,489**	4,055,489
Other reserves		**230,200**	201,687
Retained earnings			
– Proposed final dividend		**331,500**	110,500
– Others		**309,366**	319,477
		5,479,055	5,239,653
Non-controlling interests		**216,060**	46,103
Total equity		**5,695,115**	5,285,756

		As at 31 December	
		2010	2009
	Note	***RMB'000***	*RMB'000*
LIABILITIES			
Non-current liabilities			
Borrowing		**30,000**	–
Long-term payables		**100**	939
Provision for close down, restoration and environmental costs		**6,840**	5,310
Deferred income		**39,496**	26,328
Deferred tax liability		**102,957**	103,682
Total non-current liabilities		**179,393**	136,259
Current liabilities			
Current portion of long-term payables		**251**	116
Trade payables	*11*	**203,737**	97,133
Notes payable		**36,344**	–
Other payables and accruals		**106,014**	115,121
Income tax payable		**293**	1,064
Total current liabilities		**346,639**	213,434
Total liabilities		**526,032**	349,693
Total equity and liabilities		**6,221,147**	5,635,449
Net current assets		**1,942,248**	2,466,998
Total assets less current liabilities		**5,874,508**	5,422,015

NOTES TO CONSOLIDATED FINANCIAL INFORMATION

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The consolidated financial statements, including the balance sheet of the Company, of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, except that certain financial assets and financial liabilities are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method as appropriate.

The Hong Kong Institute of Certified Public Accountants has issued a number of standards, amendments and interpretations that are first effective or available for early adoption for the current accounting period of the Group (details are in Note 2 to the consolidated financial statements included in the 2010 annual report). None of these HKFRS developments have material impact on the Group's financial statements as either they were consistent with accounting policies already adopted by the Group or they were not relevant to the Group's operations. Apart from these HKFRS developments and changes in accounting policies as stated in the following paragraphs, the accounting policies used in the preparation of the financial statements are consistent with those used in the financial statements for the year ended 31 December 2009.

Changes in accounting policy

The Group has changed its accounting policy for transactions with non-controlling interests and the accounting for loss of control or significant influence from 1 January 2010 when revised HKAS 27, 'Consolidated and separate financial statements', became effective. The revision to HKAS 27 contained consequential amendments to HKAS 28, 'Investments in associates', and HKAS 31, 'Interests in joint ventures'.

Previously transactions with non-controlling interests were treated as transactions with parties external to the Group. Disposals therefore resulted in gains or losses in profit or loss and purchases resulted in the recognition of goodwill. On disposal or partial disposal, a proportionate interest in reserves attributable to the subsidiary was reclassified to profit or loss or directly to retained earnings.

Previously, when the Group ceased to have control or significant influence over an entity, the carrying amount of the investment at the date control or significant influence became its cost for the purposes of subsequently accounting for the retained interests as associates, jointly controlled entity or financial assets.

The Group has applied the new policy prospectively to transactions occurring on or after 1 January 2010. As a consequence, no adjustments were necessary to any of the amounts previously recongised in the financial statements.

2 SEGMENT INFORMATION

As all of the Group's activities are engaged in the mining, ore processing, smelting, refining and sales of nickel, copper and other non-ferrous metal products, and resources are allocated based on what is beneficial to the Group in enhancing the value as a whole rather than any specific unit, the Group's chief operating decision maker considers the performance assessment of the Group should be based on the results of the Group as a whole. Therefore, management considers there to be only one operating segment under the requirements of HKFRS 8. The Group's revenue from its major products are set out in Note 3.

As all of the turnover and operating results of the Group for each of the years ended 31 December 2009 and 2010 were derived in the PRC and all the Group's assets and liabilities are located in the PRC, no geographical segment information is shown.

3 REVENUE

Revenue recognised during each of the years ended 31 December 2009 and 2010 are analysed as follows:

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Nickel cathode	**863,833**	469,779
Copper cathode	**197,099**	178,644
Copper concentrate	**25,491**	23,579
Others	**38,740**	33,936
	1,125,163	705,938

4 EXPENSES BY NATURE

The following items have been (credited)/charged to the operating profit during the year:

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Depreciation	**55,096**	47,924
Amortisation	**17,705**	15,745
Provision for impairment of trade receivables	**66**	143
Provision for impairment of other receivables	**–**	651
Employee benefit expenses	**204,477**	151,389
Changes in inventories of work-in-progress, semi-finished goods and finished goods	**(132,225)**	(97,422)
Raw materials and consumables used	**388,893**	169,390
Power and fuel consumed	**134,856**	92,979
Subcontracting expenses	**76,831**	70,220
Other manufacturing overheads	**25,339**	15,051
Transportation expenses	**5,096**	6,648
Auditor's remuneration	**2,310**	2,310
Resource compensation fees	**15,672**	9,539
Other taxes	**11,896**	12,144
Others	**5,153**	24,847
Total cost of sales, distribution costs and administrative expenses	**811,165**	521,558

5 OTHER GAINS/(LOSSES) – NET

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Scrap sales-net	**11,197**	4,489
(Losses)/gains on disposal of property, plant and equipment	**(2,128)**	9
Donations	**(16,435)**	(11,000)
Government grants	**8,402**	–
Others	**2,803**	997
	3,839	(5,505)

6 FINANCE INCOME – NET

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Finance income		
– Interest income on deposits	**34,467**	50,730
– Interest income for the loan to a joint venture	**3,132**	–
– Interest income for the loan to an associate	**378**	–
	37,977	50,730
Finance costs		
– Net foreign exchange gains/(losses)	**97**	(61)
– Interest expense on bank borrowings	**–**	(70)
– Unwinding of discount	**(391)**	(110)
	(294)	(241)
	37,683	50,489

7 INCOME TAX EXPENSE

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Current income tax	**10,927**	4,495
Deferred income tax	**(8,342)**	(3,748)
	2,585	747

Effective from 1 January 2008, the Company determines and pays the corporate income tax in accordance with the Corporate Income Tax Law of the PRC ("the new CIT Law") as approved by the National Congress on 16 March 2007. Under the new CIT Law the corporate income tax applicable to the Company is 25% since 2008.

The provision for PRC current income tax is calculated based on the statutory income tax rate of 25% of the assessable income of each company within the Group companies determined in accordance with the relevant PRC income tax rules and regulations for each of the years ended 31 December 2009 and 2010 respectively.

The Company, except for its Shanghai branch, is exempted from corporate income tax from 2007 to 2010 pursuant to the approval obtained from the Xinjiang Uygur Autonomous Region Government. This tax exemption is subject to annual review. The exemption of corporate income tax in 2010 was agreed with local tax authority.

The subsidiary, Xinjiang Yakesi Resources Development Co., Ltd., is eligible for corporate income tax based on the deducted tax rate of 15% from 2005 to 2010 pursuant to an approval obtained from local tax bureau of Hami, Xinjiang Uygur Autonomous Region.

The subsidiary, Hami Jubao Resources Development Co., Ltd., is exempted from corporate income tax from 2007 to 2008 and eligible for corporate income tax based on the deducted tax rate of 7.5% from 2009 to 2010 pursuant to an approval obtained from local tax bureau of Hami, Xinjiang Uygur Autonomous Region.

The subsidiaries, Xinjiang Zhongxin Mining Company Ltd, Xinjiang Wuxin Copper Company Limited and Xinjiang Mengxi Mining Company Limited are eligible for corporate income tax based on tax rate of 25%.

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the corporate income tax rate of 25% as follows:

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Profit before tax	**352,444**	227,292
Tax recalculated at corporate income tax rate of 25%	**88,111**	56,823
Effect of tax exemptions/deduction	**(86,584)**	(55,989)
Income not subject to tax	**–**	(1,250)
Expense not deductible for tax purpose	**1,058**	1,163
Income tax expense	**2,585**	747

8 EARNINGS PER SHARE

	Year ended 31 December	
	2010	2009
Profit attributable to owners of the Company *(RMB'000)*	**349,902**	226,745
Adjusted weighted average number of shares in issue *(in thousand)*	**2,210,000**	2,210,000
Basic and diluted earnings per share *(RMB)*	**0.158**	0.103

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

9 PROPOSED FINAL DIVIDENDS

The dividends paid in 2010 and 2009 were RMB110,500,000 (RMB0.05 per share) and RMB198,900,000 (RMB0.09 per share) respectively. A dividend in respect of the year ended 31 December 2010 of RMB0.15 per share, amounting to a total dividend of RMB331,500,000 is to be proposed at the annual general meeting on 16 May 2011. The financial statements do not reflect this as dividend payable.

	Year ended 31 December	
	2010	2009
	RMB'000	*RMB'000*
Proposed final dividend of RMB0.15 (2009: RMB0.05) per share	**331,500**	110,500

10 TRADE AND BILLS RECEIVABLES

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Trade receivables *(Note(a))*	**165,753**	7,676
Bills receivables *(Note(d))*	**2,408**	8,561
Less: provision for impairment of receivables *(Note(e))*	**(2,720)**	(2,654)
	165,441	13,583

Notes:

(a) Trade receivables are analysed as follows:

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Trade receivables		
– Fellow subsidiaries	**1,666**	1,108
– Third parties	**164,087**	6,568
Trade receivables, gross	**165,753**	7,676

Ageing analysis of the gross trade receivables at the respective balance sheet date is as follows:

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
0 – 90 days	**161,699**	4,226
91 – 180 days	**659**	283
181 – 365 days	**6**	–
Over 365 days	**3,389**	3,167
	165,753	7,676

(b) The credit periods of trade receivables are generally ranging from one to three months. As at 31 December 2010 and 2009, management of the Group assessed the recoverability of trade receivables on a customer by customer basis and made provision of RMB2,720,000 and RMB2,654,000 respectively; and there were no significant past due but not impaired trade receivable balances. For the balances that not past due nor impaired, management was of the opinion that no impairment provision was required. The Group did not hold any collateral as security

(c) Trade receivables from related parties are unsecured, non-interest bearing and repayable in accordance with the relevant contracts entered into between the Group and these related parties.

(d) The ageing of bills receivables are all within 180 days.

(e) The movements of provision for impairment of receivables are as follows:

	2010	2009
	RMB'000	*RMB'000*
At 1 January	**2,654**	2,511
Provision for impairment of receivables	**66**	143
At 31 December	**2,720**	2,654

The provision for impairment of trade receivables have been included in "administrative expense" in the consolidated comprehensive income statement.

(f) The carrying amounts of trade and bills receivables approximate their fair values.

(g) All trade and bills receivables are denominated in RMB.

11 TRADE PAYABLES

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
Trade payables		
– Fellow subsidiaries	**38,990**	20,791
– Third parties	**164,747**	76,342
	203,737	97,133

Aging analysis of trade payables at the respective balance sheet date is as follows:

	As at 31 December	
	2010	2009
	RMB'000	*RMB'000*
0 – 90 days	**136,856**	77,737
91 – 180 days	**37,370**	5,650
181 – 365 days	**21,846**	6,071
Over 365 days	**7,665**	7,675
	203,737	97,133

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET OVERVIEW

As everyone is aware, the global economy got rid of the adverse influence of the international financial crisis and the recession in the global real economy and underwent steady recovery in 2010, coupled with the persistent strong growth of the PRC economy. Having benefiting from the growth of the global economy and the PRC economy, the international and domestic prices of nickel and copper were on the rise for the year of 2010 as compared to 2009. London Metal Exchange ("LME") average three-month future price of nickel cathode was US$21,868 per tonne in 2010, representing an increase of 48.5% as compared to 2009. LME average three-month future price of copper cathode was US$7,554 per tonne in 2010, representing an increase of 45.7% as compared to 2009. The average spot price (including tax) of nickel cathode in Yangtze River Non-ferrous Metals Spot Market ("長江有色金屬現貨市場") was RMB166,133 per tonne in 2010, representing an increase of 44.1% as compared to 2009. The average spot price (including tax) of copper cathode was RMB58,961 per tonne in 2010, representing an increase of 40.4% as compared to 2009. For the year of 2010, the domestic price trend of nickel cathode and copper cathode was basically in line with the international market.

During the Reporting Year, the Group recorded an average selling price (excluding tax) of nickel cathode of RMB139,999 per tonne, representing an increase of 41.6% as compared to 2009, and an average selling price (excluding tax) of copper cathode of RMB49,346 per tonne, representing an increase of 36.2% as compared to 2009.

For the year of 2010, the relative shortage in the supply of nickel and copper resources as a result of the recovery of the global economy and the persistent economic growth in the PRC. Consequently, the output of nickel cathode and copper cathode products of the domestic manufacturers was unable to meet the demand in terms of consumption volume. Therefore, the shortage in the supply of same in the domestic market had to be made up by substantial import, which caused transactions to remain active in the domestic market of nickel cathode and copper cathode with both volume and price on the rise.

Industry Position

The Group is principally engaged in the mining, ore processing, smelting and refining of nickel products and other non-ferrous metals, (namely, copper, cobalt, gold, silver, platinum and palladium). According to the statistics of China Non-ferrous Metals Industry Association, the total domestic output of nickel cathode for the year of 2010 was 171,300 tonnes, representing an increase of 4.0% as compared to 2009. With an output of 5,937 tonnes of nickel cathode for the year of 2010, the Group has become the second largest domestic manufacturer in the production of nickel cathode from nickel sulfide resources.

BUSINESS REVIEW

Production and Operation

For the year of 2010, the Group enhanced its overall economical benefits by lifting the technical and economic indicators, lowering production costs, raising the output of nickel cathode by means of technological renovation and expansion projects in compliance with existing production techniques and increasing outsourced raw materials. For the Year, the Group recorded a total nickel cathode output of 5,937 tonnes, representing an increase of 16.9% as compared to 2009, of which 3,534 tonnes were produced with self-produced raw materials and 2,403 tonnes were produced with outsourced raw materials, respectively representing a decrease of 17.4% and an increase of 200.8% as compared to in 2009. For the Year, the Group recorded a copper cathode output of 4,081 tonnes, representing a decrease of 18.9% as compared to 2009. For the Year, the Group recorded total nickel cathode sales of 6,170 tonnes and total copper cathode sales of 3,994 tonnes, respectively representing an increase of 29.9% and a decrease of 19.0% as compared to 2009.

In light of the rising product selling price as well as the increase in the nickel cathode output and sales volume, the Group realized a significant increase in both sales income and net profit after tax during the Reporting Year as compared to 2009. For the Year, the Group achieved a sales income of RMB1,125.2 million, representing an increase of 59.4% as compared to 2009, with a net profit after tax (profit for the year attributable to owners of the Company) of RMB349.9 million, representing an increase of 54.3% as compared to 2009, and the earnings per share (basic and diluted earnings per share) of RMB0.158 (basic and diluted earnings per share were calculated on the basis of the profit attributable to equity holders of the Company and the weighted average of the issued ordinary shares of the Company of 2,210,000,000 shares for the year), representing an increase of 54.3% as compared to 2009.

In respect of mineral exploration for the year of 2010, Kalatongke Copper-nickel Mine under Xinjiang Xinxin Mining Industry Co., Ltd (Kalatongke Copper-nickel Mine) mainly carried out the detailed prospecting and the general prospecting in the outskirt of Kalatongke Copper-nickel Mine, the exploration in Tuerkuban Coppernickel Mine in Burqin, Xinjiang ("新疆市布爾津縣吐爾庫班套銅鎳礦") and its outskirt, the respective supplementary exploration west of No. 1 Ore Deposit

926 Horizontal Line 28, and east of No. 1 Ore Deposit 770 Horizontal Line 22, as well as the horizontal tunnel exploration of Eastern Section 350 of No. 2 Ore Deposit of Kalatongke Copper-nickel Mine. A total of 212 m of following-vein and through-vein drifting works 7,174 m of drilling in pit, and 2,031 m of surface drilling has been completed. Xinjiang Yakesi Resources Co., Ltd. ("Xinjiang Yakesi") and Hami Jubao Resources Co., Ltd. ("Hami Jubao") mainly carried out the drilling and supplementary geological exploration in the southern part of Huangshandong ("黃山東") No. 17 Mine Line 22-24, and Xiangshan Mine Line 36-38, the exploration of Huangshan ("黃山") Copper-nickel Mine, and the respective productive exploration of Huangshandong No. 12 and No. 17 Copper-nickel Mine. The completed drilling works amounted to 5,475.5 m. During the Reporting Year, the total mineral exploration expenses of the Group amounted to approximately RMB10.2 million.

In respect of mining development, for the year of 2010, Kalatongke Copper-nickel Mine mainly accomplished the excavation of 387 m for No. 2 wind well works and the corresponding installation support for the well bore, the drifting excavation of 648 m of No. 9 ore deposit and the well bore installation of No. 9 main well and wind well, No. 1 ore body ramp and 926 m level ramp excavation of 1,224 m, the tunnel excavation of 415 m for No. 3 wind well works, the excavation of 660 m for No. 2 main well works, the 410 mid-segment drifting excavation and the laying of 800 m of trolley track cable. Xinjiang Yakesi and Hami Jubao mainly carried out the development of No. 17 ore body of Huangshandong, the construction of the auxiliary well of Xiangshan Mine, the development of No. 30 ore body and No. 32 ore body of Huangshanxi ("黃山西"), and the development of No. 12 ore body of Huangshandong. During the Reporting Year, the total mining development expenses of the Group amounted to approximately RMB326.2 million.

In respect of ore mining, for the year of 2010, Kalatongke Copper-nickel Mine produced 416,408 tonnes of ore while Xinjiang Yakesi and Hami Jubao produced 454,731 tonnes. During the Reporting Year, the total ore mining expenses of the Group amounted to approximately RMB178.9 million.

In respect of ore processing, for the year of 2010, Kalatongke Copper-nickel Mine produced 49,855 tonnes of nickel-copper combined concentrate, while Xinjiang Yakesi and Hami Jubao produced 28,168 tonnes of nickel concentrate and 2,965 tones of copper concentrate.

In respect of smelting and refining processing operation, for the year of 2010 Kalatongke Copper-nickel Mine produced 7,369 tonnes of water hardening and nickel matte ("水淬金屬化高冰鎳"). Xinjiang Zhongxin Mining Company Limited ("Zhongxin Mining") produced 6,525 tonnes of water hardening and nickel matte. Fukang Refinery ("阜康冶煉廠") manufactured 5,937 tonnes of nickel cathode and 4,081 tonnes of copper cathode.

In respect of product sales for the Year of 2010, the Group achieved a total sales income of RMB1,125.2 million, which comprised RMB863.8 million from nickel cathode, accounting for 76.8% of the Group's total sales income, and RMB197.1 million from copper cathode recorded revenue, accounting for 17.5% of the Group's total sales income. Other products from the Group's principal businesses (including copper concentrate, electrolytic cobalt, gold, silver, platinum and palladium), achieved a sales income of RMB64.3 million, representing 5.7% of the Group's sales income.

During the Reporting Year, because of its technological renovation and expansion projects, trial production and adjustment of its process flow, Kalatongke Copper-nickel Mine was unable to launch all of its raw materials selfproduced in 2010 for smelting processing leading to a decrease in the output of the Group's copper cathode and nickel cathode with self-produced raw materials as compared to 2009. Apart from that, the Group's overall production and operation in 2010 were stable and in good conditions, without any material difficulties or problems in operation. As a safeguard against the market risks, the Group will continue to pursue opportunities of merging and acquiring mines in production of raw materials, so as to further increase its ownership of resources, expand its in-house production capacity for raw materials and uplift its economic benefits.

Progress of Technological Renovation and Expansion Projects and Newly Constructed Project

During the Reporting Year, the four major projects carried out by the Group included the technological renovation and expansion projects for the enhancement in mining, ore processing and smelting capacity of Kalatongke Copper-nickel Mine, the systematic refining capacity of nickel and copper of Fukang Refinery, and the new increase in mining and ore processing capacity of Xinjiang Yakesi, as well as the newly constructed project of Xinjiang Wuxin Copper Company Limited ("Xinjiang Wuxin") for an annual output of 100,000 tonnes of copper cathode. The technological renovation and expansion projects and the newly constructed project of the Group proceeded smoothly as a whole in 2010 and the required progress of works during the Reporting Year was completed on schedule. A total investment of RMB968.2 million has been made, including:

Kalatongke Copper-nickel Mine

Regarding the technological renovation and expansion project in relation to the enhancement in mining, ore processing and smelting of the Kalatongke Copper-nickel Mine as at the end of 2010, 95% of the overall construction work of the mining segment was completed. As planned, it will be launched into production upon completion of the construction by the end of June 2011. The construction for the ore processing segment and the trial production have already been completed. The construction for the smelting segment was also completed basically. It is scheduled to have trial run and launch production in March 2011. During the Reporting Year, a total investment of RMB428.3 million was made.

Fukang Refinery

In respect of the technological renovation and expansion project of 13,000 tonnes of electrolytic nickel and 12,000 tonnes of copper cathode of Fukang Refinery as at the end of 2010, the technological renovation and expansion project of 13,000 tonnes of nickel cathode has been completed and launched into production. The construction of the technological renovation and expansion in relation to 12,000 tonnes of copper cathode, as well as the transition from the old system to the new system and the linkage trial run have been completed. It will be launched into production in 2011. During the Reporting Year, a total investment of RMB62.9 million was made.

Xinjiang Yakesi

As for the new technological renovation and expansion projects of Xinjiang Yakesi in relation to the mining and ore processing of 4,000 tonnes per day, a total investment of RMB189.5 million was made during the Reporting Year.

Xinjiang Wuxin

As for the newly constructed project of Xinjiang Wuxin for an annual output of 100,000 tonnes of copper cathode, the preliminary work covering the examination and approval for the establishment of the project, design, recruitment of land, leveling work for the plant area and ordering of equipment in advance has been completed as at the end of 2010. A total investment of RMB287.5 million was made during the Reporting Year.

Equity Investments

In July 2010, the Company and Xinjiang Ashele Copper Industry Company Limited jointly completed the capital increase of Xinjiang Wuxin. For the capital increase, the Company invested a total RMB330.0 million. Upon completion of the capital increase, the registered capital of Xinjiang Wuxin has increased from RMB100.0 million to RMB600.0 million, with 66.0% equity interest of Xinjiang Wuxin owned by the Company.

FINANCIAL REVIEW

Operating results

In 2010, the turnover of the Group amounted to RMB1,125.2 million, representing an increase of 59.4% as compared to RMB705.9 million in 2009. The comprehensive income of the Group amounted to RMB349.9 million, representing an increase of 54.4% as compared to RMB226.6 million in 2009. The profit attributable to the equity holders of the Company amounted to RMB349.9 million, representing an increase of 54.3% as compared to RMB226.7 million in 2009.

The Group's substantial increase in turnover and comprehensive income as compared to that of last year were mainly due to the recovery of the global economy and China's continuous strong economic growth, which resulted in a substantial increase of international and domestic nickel and copper prices in 2010 as compared to that of 2009.

In 2010, small and medium sized nickel mines in China and especially in Xinjiang Province operated satisfactorily. The Group grasped this advantageous opportunity to organize production actively, and increased the amount of purchased raw material of nickel, making a substantial increase in production volume for nickel cathode in 2010 as compared to that in 2009.

Revenue and Gross Profit

The following table illustrates the details of sales by products of the Group for the two years ended 31 December 2010 and 2009:

	2010			2009		
Product Name	**Sales Volume** *Tonnes*	**Amount** ***RMB'000***	**% to** ***Revenue***	Sales Volume *Tonnes*	Amount *RMB'000*	% to *Revenue*
Nickel cathode	**6,170**	**863,833**	**76.8%**	4,751.6	469,779	66.6%
Copper cathode	**3,994**	**197,099**	**17.5%**	4,931.2	178,644	25.3%
Copper concentrate	**2,091**	**25,491**	**2.3%**	2,623.5	23,579	3.3%
Other products		**38,740**	**3.4%**		33,936	4.8%
Total turnover		**1,125,163**	**100.0%**		705,938	100.0%
Cost of sales		**(685,226)**	**60.9%**		(419,050)	59.4%
Gross profit		**439,937**	**39.1%**		286,888	40.6%

In 2010, the turnover of nickel cathode amounted to RMB863.8 million, representing an increase of 83.9% as compared to RMB469.8 million in 2009. The increase in the turnover of nickel cathode was primarily due to the increase in the price of nickel cathode and the increase in the production volume and sales volume of nickel cathode of the Group. The average selling price of the Group's nickel cathode in 2010 amounted to RMB139,999 per tonne, representing an increase of 41.6% as compared to the average selling price of RMB98,867 per tonne in 2009. The Group's sales volume of nickel cathode in 2010 was 6,170 tonnes, representing an increase of 29.9% as compared to 4,751.6 tonnes in 2009.

In 2010, the turnover of copper cathode amounted to RMB197.1 million, representing an increase of 10.3% as compared to RMB178.6 million in 2009. The increase in the turnover of copper cathode was primarily due to the increase in the price of copper cathode, which was partially set-off by the decrease in sales volume. The average selling price of the Group's copper cathode in 2010 amounted to RMB49,346 per tonne, representing an increase of 36.2% as compared to the average selling price of RMB36,227 per tonne in 2009. The sales volume of copper cathode in 2010 was 3,994 tonnes, representing a decrease of 19% as compared to 4,931.2 tonnes in 2009. The decrease in sales volume was primarily due to the fact that Kalatongke Mine underwent a smelting technology renovation and expansion project and process trial in 2010, not all self-produced raw materials were put into refining and processing, while purchased raw materials contained higher level of nickel and lower level of copper, therefore the production volume of copper cathode in 2010 was lower than that in 2009.

In 2010, the turnover of copper concentrate amounted to RMB25.5 million, representing an increase of 8.1% as compared to RMB23.6 million in 2009. The increase in the turnover of copper concentrate was primarily due to the increase in the price of copper. The average selling price of copper concentrate in 2010 was RMB12,191 per tonne, representing an increase of 35.6% as compared to RMB8,988 per tonne in 2009. The increase was partially off-set by the decrease in sales volume. The main reason for the decrease in sales volume was that some of the copper concentrate of the Group was processed into copper cathode for sale in 2010.

In 2010, the turnover of other products amounted to RMB38.7 million, representing an increase of 14.2% as compared to RMB33.9 million in 2009. The increase in turnover of other products was primarily due to the rapid increase in the price of palladium, and the Company increased the sales volume of palladium.

Gross profit of the Group increased by 53.3% from RMB286.9 million in 2009 to RMB439.9 million in 2010. The increase in gross profit was mainly due to the increase in sales volume of nickel cathode and increase in the prices of nickel and copper. The gross profit margin for the two years of 2010 and 2009 were 39.1% and 40.6%, respectively.

Distribution Costs

Selling and marketing expenses decreased by 28.4%, as compared to the previous year, to RMB6.2 million, primarily because raw materials with nickel produced by Xinjiang Yakesi and Hami Jubao in 2010 were all supplied to the local company Zhongxin Mining, while they were mainly supplied to Kalatongke Copper and Nickel Mining in the first three quarters of 2009, the shortened distance reduced transportation expenses.

Administrative Expenses

Administrative expenses increased by 27.6% to RMB119.7 million, primarily due to the increase in employees' salaries and the increase in the price of metals, which resulted in the increase of mineral resource compensation fee.

Other Gains/Losses-Net

Other net income increased by RMB9.3 million from a loss of RMB5.5 million in 2009 to a net income of RMB3.8 million in 2010. The increased net income was primarily contributed by the Group's revenue from waste materials.

Finance Income and Finance Cost

Finance income decreased by 25.1% from RMB50.7 million in 2009 to RMB38.0 million in 2010, primarily due to the decline in interest income as a result of the decrease in average cash and bank balance as compared to those in the previous year. Financial cost increased slightly from RMB0.2 million in 2009 to RMB0.3 million in 2010.

Financial Position

The Group's consolidated balance sheet remained strong. Owners' equity increased by 4.6% to RMB5,479.1 million in 2010. Total assets increased by 10.4% to RMB6,221.1 million, primarily due to the operation profit generated during the reporting year and the capital increase of the subsidiary, Xinjiang Wuxin.

LIQUIDITY AND FINANCIAL RESOURCES

In 2010, the net cash inflow generated by the Group's operating activities amounted to RMB39.5 million, representing an increase of RMB32.6 million as compared to that of the previous year, primarily due to the increase in operating profit. The net cash outflow used in the Group's investment activities was RMB928.9 million, which was mainly used in purchasing equipment and as the construction costs for the Group's various technology renovation and expansion projects. The net cash inflow generated by financing activities amounted to RMB89.5 million, which mainly represented the capital increase of the subsidiary, Xinjiang Wuxin received from Xinjiang Ashele Copper Company Limited, the other shareholder of Xinjiang Wuxin. The cash outflow was mainly due to the dividend paid by the Company in 2010.

As at 31 December 2010, the Group had total cash and cash equivalents amounting to RMB1,501.7 million, and those as at 31 December 2009 were RMB2,301.4 million.

	As at 31 December 2010	As at 31 December 2009
Current ratio (times)	**6.6**	12.6
Gearing ratio (Borrowing divided by total assets)	**0.48%**	N/A

OUTLOOK

Operating Environment

For the year of 2011, the global economy and the international real economy remain in the period of consolidation and recovery. It is expected that the global nickel and copper prices will keep on rising slowly subject to fluctuation. As China economy is expected to keep growing rapidly (the PRC government expects China's GDP growth for the year 2011 to be around 8%), the Group expects the consumption volume of nickel and copper in the domestic non-ferrous metal market to keep on growing in 2011. Because of the comparative shortage in the supply of nickel and copper resources, nickel cathode and copper cathode products from domestic manufacturers are still unable to satisfy the domestic demand in terms of consumption volume. It is necessary to have substantial import to make up the supply shortage in the domestic market. Therefore, the Group expects that the active transactions in the domestic market of electrolytic nickel and copper cathode will sustain in 2011.

The Group expects the domestic market prices for nickel cathode and copper cathode for the year of 2011 to continue to rise slowly subject to fluctuation based on the average spot prices in Shanghai Yangtze River Non-ferrous Metals Market for the year of 2010.

Operational Objectives

For the year of 2011, the Group plans to have the output of 8,370 tonnes of nickel cathode, representing an increase of 41.0% as compared to 2010, including 6,070 tonnes manufactured with self-produced raw materials, representing an increase of 71.8% as compared to 2010, and 8,500 tonnes of copper cathode, representing an increase of 108.3% as compared to 2010. Please note that because of quite a number of uncertainties in metal prices and the domestic raw materials market, the above plan has been made on the basis of the current market situation and the existing conditions of the Group. The Board may adjust the relevant production plan in accordance with the changes of situation.

DIVIDENDS

At the meeting of Board held on 18 March 2011, the directors proposed payment of a final dividend of RMB0.15 per share, amounting to a total dividend of approximately RMB331,500,000 for the year ended 31 December 2010, which is subject to the approval by the Company's shareholders in the 2010 annual general meeting ("AGM") of the Company to be held on 16 May 2011. It is expected that the final cash dividend for 2010 will be paid on or before 31 August 2011.

Pursuant to the Enterprise Income Tax Law of the PRC《中華人民共和國企業所得稅法》and the relevant implementing rules which came into effect on 1 January 2008, the Company is required to withhold and pay corporate income tax at the rate of 10% before distributing the final dividend to non-resident enterprise shareholders as appearing on the H share register of members of the Company. Any shares registered in the names of non-individual registered shareholders (including HKSCC Nominees Limited, other corporate nominees, trustees or other entities and organisations) will be treated as being held by non-resident enterprise shareholder and will therefore be subject to the withholding of the enterprise income tax. Shareholders and investors should peruse the contents of the above rules carefully. If shareholders' names appear on the H Shares register of members, please refer to nominees or trust organization for details of the relevant arrangements. The Company has no obligation and shall not be responsible for confirming the identities of the shareholders. The Company will strictly comply with the law, and withhold and pay the corporate income tax on behalf of the relevant shareholders. The Company will not entertain any requests relating to any delay in confirming the identity of the shareholders or any uncertainties in the identity of the shareholders.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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 maintain a high standard of corporate governance and comply with the relevant regulations of China Securities Regulatory Commission and the Stock Exchange as well as the regulations of other relevant regulatory authorities. Throughout the year ended 31 December 2010, save and except the Company's practice in the number of Board meeting held during the Year as set out below, the Company complied with all the code provisions of the Code on Corporate Governance Practices (the "Code") set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). The Company will continue to maintain a high standard of its corporate governance and enhance transparency to its shareholders.

Provision A1.1 of the Code requires that board meetings shall be held at least four times a year. Having considered that almost all of the affairs of the Company were reasonably considered and resolved at the three Board meetings held by the Company in 2010, the Company only held three Board meeting during the year and thus deviating from the Code. The Company will strive to adhere to the provision relating to the number of board meeting in the Code in the future.

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 10 of the Listing Rules as its own code of conduct regarding Directors' securities transactions. Having made specific enquiry of all Directors, all Directors and Supervisors have complied with the required standards as set out in the Model Code for the year ended 31 December 2010.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors, Mr. Chen Jianguo and Mr. Ng Yuk Keung, and one non-executive Director, Mr. Zhou Chuanyou. Mr. Chen Jianguo 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 has held meetings on a regular basis and convened two meetings during the Reporting Year. Attendance rates were 100%. The 2010 audit plan of the Company and the 2010 interim results report were reviewed in the meetings.

The Audit Committee of the Company has reviewed the annual results announcement for the year ended 31 December 2010.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website at www.xjxxky.com.cn or kunlun.wsfg.hk and the website of the Stock Exchange. The annual report of the Company will also be available at the Company's and the Stock Exchange's website in March 2011 and will be despatched to shareholders of the Company in March 2011.

EVENTS AFTER THE BALANCE SHEET DATE

On 6 January 2011, each of the Company and the another joint venturer has issued corporate guarantee of RMB75,000,000, respectively in favour of a new bank loan facility totalling RMB150,000,000 of Hexin Mining. Up to the approval date of these financial statements, Hexin Mining has drawn down Loans amounting to RMB50,000,000.

CLOSURE OF REGISTER FOR AGM AND PAYMENT OF DIVIDENDS

The register of members of the Company will be closed from 18 April 2011 to 16 May 2011 (both days inclusive), during which time no share transfers will be registered. In order to qualify for the final dividends and be eligible to attend the AGM of the Company, instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on 15 April 2011.

By Order of the Board
Xinjiang Xinxin Mining Industry Co., Ltd.
Yuan Ze
Chairman

Xinjiang, the PRC, 18 March 2011

As at the date of this announcement, the executive directors are Mr. Yuan Ze, Mr. Shi Wenfeng, Mr. Zhang Guohua and Mr. Liu Jun; the non-executive directors are Mr. Zhou Chuanyou and Mr. Niu Xuetao; and the independent non-executive directors are Mr. Chen Jianguo and Mr. Ng Yuk Keung.

* *For identification purposes only*