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)

2013 FINAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Revenue was RMB844.9 million, a decrease of 44.7% as compared to RMB1,529.2 million in 2012
- Comprehensive loss attributable to shareholders of the Company was RMB58.5 million, as compared to comprehensive income of RMB21.8 million in 2012
- Basic loss per share was RMB0.026 as compared to basic earnings per share of RMB0.01 in 2012
- The Board does not recommend any payment of final dividend, which is the same as in 2012

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 2013 (the "**Reporting Year**").

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2013

	Notes	2013 RMB'000	2012 RMB'000
Revenue	3	**844,914**	1,529,212
Less: Cost of sales	3	**(695,593)**	(1,313,792)
Taxes and surcharges		**(6,341)**	(11,689)
Selling and distribution expenses		**(9,841)**	(15,665)
General and administrative expenses		**(142,707)**	(169,787)
Finance income/(expense) — net	5	**1,601**	(3,015)
Asset impairment losses		**(38,842)**	(4,859)
Losses on the changes in fair value		**(7,522)**	—
Investment losses	4(c)	**(13,207)**	(173)
Including: Share of profit/(losses) of associate and joint-venture		**750**	(173)
Operating (loss)/profit		**(67,538)**	10,232
Add: Non-operating income	4(a)	**2,466**	3,725
Less: Non-operating expenses	4(b)	**(459)**	(1,144)
Including: Losses on disposal of non-current assets		**(4)**	(17)
Total (loss)/profit	4	**(65,531)**	12,813
Less: Income tax expenses	6	**(1,361)**	(2,605)
Net (loss)/profit		**(66,892)**	10,208
Attributable to equity holders of the Company		**(58,514)**	21,823
Minority interests		**(8,378)**	(11,615)
(Loss)/earnings per share			
Basic (loss)/earnings per share *(RMB)*	7	**(0.026)**	0.010
Diluted (loss)/earnings per share *(RMB)*	7	**(0.026)**	0.010
Other comprehensive (loss)/income		**—**	—
Total comprehensive (loss)/income		**(66,892)**	10,208
Attributable to equity holders of the Company		**(58,514)**	21,823
Minority interests		**(8,378)**	(11,615)
Proposed final dividends	8	**—**	—
Per share *(RMB)*	8	**—**	—

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Notes	**31 December 2013 *RMB'000***	31 December 2012 *RMB'000*
ASSETS			
Current assets			
Cash at bank and on hand		**651,010**	482,972
Notes receivable	9	**133,887**	456,808
Interest receivable		**246**	88
Accounts receivable	9	**22,900**	45,663
Advances to suppliers		**280,532**	101,831
Other receivables		**62,521**	20,318
Inventories		**1,923,981**	804,677
Other current assets		**354,074**	122,003
Total current assets		**3,429,151**	2,034,360
Non-current assets			
Long-term equity investments		**148,419**	151,256
Fixed assets		**2,628,112**	1,635,932
Construction materials		**4,267**	1,641
Construction in progress		**3,657,516**	3,490,268
Intangible assets		**1,033,453**	1,025,987
Goodwill		**28,088**	28,088
Long-term prepaid expenses		**400**	372
Deferred tax assets		**43,165**	25,980
Other non-current assets		**86,620**	86,619
Total non-current assets		**7,630,040**	6,446,143
TOTAL ASSETS		**11,059,191**	8,480,503

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	Notes	**31 December 2013** *RMB'000*	31 December 2012 *RMB'000*
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term loans		**1,783,766**	845,000
Financial liabilities at fair value through profit or loss		**7,522**	—
Notes payable		**40,000**	100
Accounts payable	10	**272,831**	161,932
Advances from customers		**77,211**	11,005
Employee benefits payable		**54,434**	54,741
Taxes payable		**17,045**	12,213
Interest payable		**7,270**	470
Other payables		**468,801**	384,432
Current portion of non-current liabilities		**451,700**	30,000
Total current liabilities		**3,180,580**	1,499,893
Non-current liabilities			
Provisions		**6,348**	5,989
Long-term loans		**2,049,700**	690,000
Long-term payable		**43,070**	455,000
Deferred tax liabilities		**139,980**	138,608
Other non-current liabilities		**51,908**	51,856
Total non-current liabilities		**2,291,006**	1,341,453
Total liabilities		**5,471,586**	2,841,346

CONSOLIDATED BALANCE SHEET

As at 31 December 2013

	31 December 2013 *RMB'000*	31 December 2012 *RMB'000*
Owners' equity		
Share capital	**552,500**	552,500
Capital surplus	**4,254,755**	4,254,755
Specific reserve	**1,739**	—
Surplus reserve	**225,380**	225,379
Undistributed profits	**203,196**	261,710
Total equity attributable to equity holders of the Company	**5,237,570**	5,294,344
Minority interests	**350,035**	344,813
Total owners' equity	**5,587,605**	5,639,157
TOTAL LIABILITIES AND OWNERS' EQUITY	**11,059,191**	8,480,503

NOTES TO CONSOLIDATED FINANCIAL INFORMATION

For the year ended 31 December 2013

1 BASIS OF PREPARATION

The financial statements have been prepared according to the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on and after 15 February 2006, and the Application Guidance for Accounting Standard for Business Enterprises, Interpretation of Accounting Standards for Business Enterprises, and other relevant regulations issued thereafter (hereafter collectively referred to as "the Accounting Standard for Business Enterprises" or "CAS") and Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 - the General Provisions of Financial Reports (Revised in 2010).

The Ministry of Finance issued the Accounting Standards for Business Enterprises No. 39 - fair value measurement and No.40 - the joint venture arrangement and revised standard No. 30 - presentation of financial statements and No. 33 - the consolidated financial statements in 2014. The above standards will take effect on 1 July 2014 and overseas listed companies are encouraged to implement in advance. The Group is a Hong Kong listing company, therefore, the 2013 financial statements have been prepared according to the above standards in advance.

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Except the early adoption of the CAS as disclosed above, there are no other significant changes in the accounting policies adopted for the preparation of these financial statements comparing with those adopted for the preparation of the financial statements for the year ended 31 December 2012.

2 SEGMENT INFORMATION

The Group are engaged in the mining, ore processing, smelting, refining and sales of nickel, copper and other non-ferrous metal products. Based on the Group's internal organisational structure, management requirements, internal reporting policies, and the segment reporting requirements stipulated by No. 3 Interpretation of CAS, management of the Group considers the Group itself is one operating segment.

For each of the years ended 31 December 2013 and 2012, the Group's sales were conducted in China and the Group's assets and liabilities were in China.

For the year ended 31 December 2013, revenue of top three customers of the Group accounted for 14%, 10% and 7% of the total revenue of the Group respectively (2012: 20%, 12% and 11%).

3 REVENUE AND COST OF SALES

Revenue and cost of sales recognised during each of the years ended 31 December 2012 and 2013 are analysed as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Revenue from main operation *(Note (a))*	**770,950**	1,492,603
Revenue from other operation	**73,964**	36,609
	844,914	1,529,212
Cost of sales from main operation	**668,510**	1,290,318
Cost of sales from other operation	**27,083**	23,474
	695,593	1,313,792

(a) Revenue from main operation

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Nickel cathode	**394,993**	1,096,752
Copper cathode	**358,101**	355,817
Copper concentrate	**13,470**	16,114
Others	**4,386**	23,920
	770,950	1,492,603

4 TOTAL (LOSS)/PROFIT

The following items have been charged/(credited) to the total (loss)/profit:

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Depreciation	**124,250**	98,425
Amortisation	**17,518**	17,479
Directors' remuneration	**2,361**	2,354
Provision for diminution in value of inventories	**38,529**	5,222
Provision for bad debts (written back of bad debt provision) – accounts and other receivables	**313**	(363)
Government grants *(Note (a))*	**(1,143)**	(2,842)
Gains on disposal of fixed assets *(Note (a))*	**(41)**	(2)
Donations *(Note (b))*	**231**	211
Losses on disposal of fixed assets *(Note (b))*	**4**	17
Auditors' remuneration	**2,210**	2,180
Mineral resource compensation fees	**14,920**	15,547
Income from disposal of an associate *(Note (c))*	**(13)**	—

(a) The items were included under non-operating income.

(b) The items were included under non-operating expense.

(c) The item was included under investment losses.

5 FINANCIAL (INCOME)/EXPENSE — NET

	2013	2012
	RMB'000	*RMB'000*
Interest expense	**172,710**	114,005
Including: Bank borrowings	**149,224**	96,554
Other borrowings	**23,486**	17,451
Less: Capitalised interest	**(162,258)**	(104,938)
Less: Interest income on bank deposits	**(6,117)**	(7,033)
Discount interest income	**(6,571)**	(128)
Bank charges	**638**	261
Foreign exchange (gains)/losses	**(3)**	132
Interest on notes discounted	**—**	1,158
Loan interest income from an associate	**—**	(442)
	(1,601)	3,015

Interest expenses are analysed by the repayment terms of bank and other borrowings as follows:

	31 December 2013		31 December 2012	
	Bank borrowings	**Other borrowings**	Bank borrowings	Other borrowings
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Wholly repayable within five years	**121,496**	**23,486**	90,661	17,451
Not wholly repayable within five years	**27,728**	**—**	5,893	—
	149,224	**23,486**	96,554	17,451

6 INCOME TAX EXPENSES

	Year ended 31 December	
	2012	2012
	RMB'000	*RMB'000*
Current income tax	**17,173**	21,797
Deferred income tax	**(15,812)**	(19,192)
	1,361	2,605

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

In 2013, the Company and certain of its subsidiaries obtained preferential treatment and the recognition that its business are within the category of Encouraged Industries by the Committee of Economics and Information in the local region of Xinjiang, and its applicable rates for corporate income tax, after communication with local tax authorities, are as follows:

(a) The Company, including Fukang Refinery Branch* calculated and paid corporate income tax using the preferential rate of 15% for the year ended 31 December 2013 (2012: 15%).

(b) Xinjiang Yakesi* calculated and paid income tax using the preferential rate of 15% for the year ended 31 December 2013 (2012: 15%).

(c) Hami Jubao* calculated and paid income tax using the preferential rate of 15% for the year ended 31 December 2013 (2012: 15%).

(d) Kalatongke Mining* calculated and paid income tax using the preferential rate of 15% for the year ended 31 December 2013 (2012: 25%).

* *As defined in Business Review below*

Other subsidiaries and Shanghai Sales Branch of the the Company are subject to corporate income tax rate of 25% in 2013 (2012: 25%).

The reconciliation from income tax calculated based on the applicable tax rates and total (loss)/profit presented in the consolidated financial statements to the income tax expenses is listed below:

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Total (loss)/profit	**(65,531)**	12,813
Income tax (credit)/expenses calculated at applicable tax rate of 25%	**(16,383)**	3,203
Effect of tax reductions	**2,312**	(13,733)
Effect of change in the tax rates	**2,012**	779
Income not subject to tax identification	**(199)**	—
Expenses, costs and losses not deductible for tax purposes	**2,812**	5,508
Current year temporary differences not recognised for deferred tax assets	**5,421**	5,929
Previous year loss differences caused by tax identification	**(934)**	919
Reversal of deductible losses because of insufficient taxable income which was recognised as deferred tax assets in previous years	**6,320**	—
Income tax expenses	**1,361**	2,605

7 EARNINGS PER SHARE

	Year ended 31 December	
	2013	2012
Consolidated net (loss)/profit attributable to equity holders of the Company *(RMB'000)*	**(58,514)**	21,823
Weighted average number of ordinary shares in issue of the Company *(in thousand)*	**2,210,000**	2,210,000
Basic and diluted (loss)/ earnings per share *(RMB)*	**(0.026)**	0.010

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

8 PROPOSED FINAL DIVIDENDS

The Board does not recommend any payment of a final dividend by the Company for the year ended 31 December 2013 which will be submitted at the annual general meeting on 23 May 2014 for approval.

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Proposed final dividend	**Nil**	Nil

9 ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Accounts receivable *(Note (a),(b))*	**26,475**	48,220
Less: provision for bad debts *(Note (d))*	**(3,575)**	(2,557)
	22,900	45,663
Notes receivable *(Note (c))*	**133,887**	456,808

Notes:

(a) Accounts receivable are analysed as follows:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Accounts receivables		
— Related parties	**2,633**	2,183
— Third parties	**23,842**	46,037
Accounts receivable, gross	**26,475**	48,220

Ageing analysis of the gross accounts receivable at the respective balance sheet date is as follows:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Within one year	**21,388**	43,524
One to two years	**777**	1,560
Two to three years	**1,196**	193
Three to four years	**193**	395
Four to five years	**395**	324
Over five years	**2,526**	2,224
	26,475	48,220

(b) The credit terms of accounts receivable are not exceeding 180 days. At year end, management of the Group assessed the recoverability of accounts receivable on a customer by customer basis and made adequate bad debt provision accordingly, and there were no significant past due but not provided for accounts receivable balances.

(c) Notes receivable are all bank acceptance notes, and all the notes receivable will be matured within 180 days.

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

	2013	2012
	RMB'000	*RMB'000*
At 1 January	**2,557**	3,010
Provision for bad debts	**1,018**	—
Written back of bad debt provision	**—**	(453)
At 31 December	**3,575**	2,557

The provision for bad debts of accounts receivable have been included under "asset impairment losses" in the consolidated income statement.

(e) The carrying amounts of accounts and notes receivable approximate their fair values.

(f) All accounts and notes receivable are denominated in RMB.

10 ACCOUNTS PAYABLE

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Accounts payable		
— Related parties	**60,039**	22,961
— Third parties	**212,792**	138,971
	272,831	161,932

Aging analysis of accounts payable at the respective balance sheet date is as follows:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Within three months	**203,239**	136,855
Three to six months	**36,020**	8,760
Over six months	**33,572**	16,317
	272,831	161,932

MARKET OVERVIEW

As generally known, the demand for nickel cathode and copper cathode was affected by the economic structural adjustments and the slowdown of the growth in the PRC and the lower-than-expected global economic recovery, in addition to the increase in the global production output and inventory of nickel products. As such, the domestic and international commodity prices of nickel cathode and copper cathode continued to fluctuate downward throughout 2013.

In 2013, the average three-month future price of nickel cathode in London Metal Exchange ("LME") was US$15,098 per tonne, representing a decrease of 14.2% as compared to that in 2012, and the average three-month future price of copper cathode was US$7,353 per tonne, representing a decrease of 7.5% as compared to that in 2012.

In 2013, the average spot price (including tax) of nickel cathode in Shanghai Yangtze River Non-ferrous Metals Spot Market was RMB105,858 per tonne, representing a decrease of 16.1% as compared to that in 2012, and the average spot price (including tax) of copper cathode was RMB53,346 per tonne, representing a decrease of 6.9% as compared to that in 2012.

The domestic price trends of nickel cathode and copper cathode were basically in line with the international market in 2013.

For the year of 2013, although the demand for nickel cathode and copper cathode was affected by the economic structural adjustments and the slowdown of the growth in the PRC and the lower-than-expected global economic recovery, there existed a relative shortage in the supply of nickel and copper resources. Consequently, the supply of nickel cathode and copper cathode by the domestic manufacturers was still unable to fulfill the consumption demand and this shortage required substantial import, which caused active trading and an increase in the transaction volume in the domestic market of nickel cathode and copper cathode.

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 Non-ferrous Metals Industry Association, the total domestic output of nickel for the year of 2013 amounted to 278,500 tonnes, representing an increase of 21.5% as compared to that in 2012. With an output of 10,307 tonnes of nickel cathode for the year of 2013, the Group remains the second largest domestic manufacturer of nickel cathode produced with nickel sulfide resources.

Resources and Reserves

The resources and reserves estimates for the deposits of four nickel-copper mines in Kalatongke, Huangshandong, Huangshan and Xiangshan as at 31 December 2013 are set out in the following tables:

	Ore contents	Grade		Metal contents	
		Cu	Ni	Cu	Ni
	(t)	*(%)*	*(%)*	*(t)*	*(t)*
Resources as at 31 December 2013					
Kalatongke nickel-copper mine	32,422,859	1.00	0.55	323,309	179,784
Three nickel-copper mines in Huangshandong, Huangshan, Xiangshan	83,315,739	0.27	0.45	227,150	373,642
Total	115,738,598			550,459	553,426
Reserves as at 31 December 2013					
Kalatongke nickel-copper mine	18,473,714	1.02	0.61	187,769	112,210
Three nickel-copper mines in Huangshandong, Huangshan, Xiangshan	32,934,989	0.30	0.49	100,226	162,524
Total	51,408,703			287,995	274,734

Note: The resources and reserves estimates for the deposits at Kalatongke nickel-copper mine were based on the 2007 estimates as per the independent technical review report as shown in the Company's Prospectus dated 27 September 2007. The resources and reserves estimates for the deposits at three nickel-copper mines in Huangshandong, Huangshan and Xiangshan mines were based on the 2008 estimates of resources and reserves as approved for record by the Department of Land and Resources of the PRC. The increases and decreases in resources and reserves due to mining consumption and exploration during the period were confirmed by internal experts.

The resources estimates for the deposits of two vanadium mines in Xianghe Street and Mujia River as at 31 December 2013 are set out in the following table:

	Ore contents *(t)*	V_2O_5 Grade *(%)*	V_2O_5contents *(t)*
Resources as at 31 December 2013			
Xianghe Street vanadium mine	10,159,400	0.95	96,300
Mujia River vanadium mine	29,295,500	0.88	257,800
Total	39,454,900		354,100

Note: The resources estimates for the deposits at two vanadium mines in Xianghe Street and Mujia River were based on the 2012 estimates of resources as approved for record by the Land and Resources Bureau of Shaanxi Province.

BUSINESS REVIEW

Production and Operation

During 2013, in order to cope with the adverse influence to the enterprise caused by the continuous decrease in domestic market prices of nickel cathode and copper cathode and the fluctuated operating environment, the Group has taken a series of measures to lower product costs and expenditures as well as improve overall operation efficiency of the Company. Such measures included enhancing fundamentals of the management, gradually lifting technical-economic indicators in the production process, strictly controlling non-productive expenditures, improving technological renovation and expansion projects as well as fulfilling planned production volume and attaining stated targets through performing the trial run and commissioning as soon as possible. In the meantime, the Group intensified the marketing analysis and research, and adopted a marketing strategy which adequately increase the finished goods inventory and control the sales volume of nickel cathode, so as to sell the Group's major product — the nickel cathode at a higher market price which would in turn improve the economic benefits of the Group.

For the year of 2013, the Group recorded a total nickel cathode output of 10,307 tonnes, representing an increase of 1.6% as compared to that in 2012. Total copper cathode output was 7,659 tonnes, representing an increase of 1.5% as compared to that in 2012.

For the year of 2013, the Group recorded total nickel cathode sales of 4,182 tonnes, representing a decrease of 59.3% as compared to 2012. Total copper cathode output was 7,936 tonnes, representing an increase of 9.0% as compared to that in 2012.

For the year of 2013, the Group recorded an average selling price of nickel cathode (tax exclusive) of RMB94,442 per tonne, representing a decrease of 11.6% as compared to that in 2012. Average selling price of copper cathode (tax exclusive) of RMB45,126 per tonne, representing a decrease of 7.7% as compared to 2012.

For the year of 2013, the Group recorded an average selling cost of nickel cathode of RMB93,187 per tonne, representing a decrease of 3.0% as compared to that in 2012. Average selling cost of copper cathode of RMB33,109 per tonne, representing a decrease of 11.9% as compared to that in 2012.

In the year of 2013, while the production volume of the Group increased as compared with 2012, and the product cost decreased as compared with 2012, the continuous decrease in the market prices of nickel cathode and copper cathode had nonetheless led to a loss in the operating results of the Group in 2013.

In the year of 2013, the Group achieved revenue of RMB844.9 million, representing a decrease of 44.7% as compared to that 2012, with net loss of RMB66.9 million, as compared to net profit of RMB10.2 million in 2012, and the loss per share (basic and diluted) was RMB0.026, as compared to the earnings per share (basic and diluted) of RMB0.010 in 2012.

In respect of mineral exploration, for the year of 2013, Xinjiang Kalatongke Mining Industry Company Limited ("Kalatongke Mining") mainly completed mineral exploration projects such as 377 meters of tunnel exploration and 19,361 meters of drilling in pit. It also jointly carried out the project of "special research on prospecting in the deep ore body of the Kalatongke Copper and Nickel Mine in Fuyun County, Xinjiang" with the Institue of Geology and Geophysics under the Chinese Academy of Science. Xinjiang Yakesi Resources Co. Ltd. ("Xinjiang Yakesi") and Hami Jubao Resources Co. Ltd. ("Hami Jubao") mainly completed mineral exploration projects such as 274 meters of tunnel exploration, 15,052 meters of drilling in pit, 570 meters of surface drilling, 523 meters of borehole three-component magnetic survey and 13.7 meters of controlled source radio-magnetotelluric tensor (CSRMT) profile surveying. In 2013, the total amount of expenditure that the Group expended on mineral exploration was approximately RMB7.6 million.

In respect of mining development: in 2013, Kalatongke Mining mainly completed mining development projects such as certain installation projects of the pumping room and substation mine chamber at 260 mid-segment of No. 2 ore body and the excavation and concrete supports at the 260-mid-segment of No. 2 auxiliary shaft's measure well; as well as mining development construction such as the excavation of 1,246 meters of tunnels at 530 mid-segment of No.3 ore body, excavation of 1,100 meters of tunnels at 410 mid-segment, as well as slope supporting of 650 meters at the 530 mid-segment and 410 mid-segment of No. 3 ore body. Xinjiang Yakesi and Hami Jubao mainly completed mining development construction such as the excavation of 5,625 meters of tunnels at 350 mid-segment, 450 mid-segment and 530 mid-segment of No. 30 ore body of Huangshanxi ("黃山西"), as well as the excavation of 186 cubic meters of chambers, 2,804 cubic meters of concreting supports of chambers and the excavation of 300 meters of ore passes at 88 mid-segment. In 2013, the Group's total expenditure for mining development amounted to approximately RMB212.8 million.

In respect of ore mining operation business: in 2013, Kalatongke Mining produced 667,495 tonnes of ore, while Xinjiang Yakesi and Hami Jubao produced 716,684 tonnes of ore. In 2013, the aggregate expenditure of the ore mining operation of the Group was approximately RMB275.7 million.

In respect of ore processing operations: in 2013, Kalatongke Mining produced 81,666 tonnes of nickel-copper combined concentrate, while Xinjiang Yakesi and Hami Jubao produced 29,335 tonnes of nickel concentrate, 3,276 tonnes of copper concentrate and 8,651 tonnes of nickel-copper combined concentrate.

In respect of smelting and refining processing operation: for the year 2013, Kalatongke Mining produced 18,472 tonnes of water hardening and nickel matte. Xinjiang Zhongxin Mining Company Limited ("Hami Zhongxin") produced 8,046 tonnes of water hardening and nickel matte. Fukang Refinery of Xinjiang Xinxin Mining Industry Co., Ltd. ("Fukang Refinery") manufactured 10,307 tonnes of nickel cathode and 7,659 tonnes of copper cathode.

In respect of sales business, for the year of 2013, the Group achieved revenue from principal businesses of RMB771.0 million, which comprised RMB395.0 million of sales revenue from nickel cathode, accounting for 51.2% of the revenue from principal businesses of the Group, and RMB358.1 million of sales revenue from copper cathode, accounting for 46.5% of the revenue from principal businesses of the Group. Other products (including copper concentrate, electrolytic cobalt, gold, silver, platinum and palladium) achieved a sales revenue of RMB17.9 million, representing 2.3% of the revenue from principal businesses of the Group.

In 2013, the overall production and operation of the Group were generally stable, with no material operation difficulties or operational problems.

Progress of Technological Renovation and Expansion Projects and Infrastructure Projects

In 2013, the technological renovation and expansion projects and infrastructure projects carried out by the Group mainly included four technological renovation and infrastructure projects, which were the technological renovation and expansion project involving the enhancement of the mining, ore processing and smelting capacity of Kalatongke Mining, the technological renovation and expansion project involving the enhancement of the auxiliary facilities in Fukang Refinery to increase the refining capacity of nickel cathode and copper cathode and an additional production capacity of nickel cathode to 15,000 tonnes per year, the technological renovation and expansion project involving additional mining and ore processing capacity of Xinjiang Yakesi, and the infrastructure project of Xinjiang Wuxin Copper Company Limited ("Wuxin Copper") involving an annual output of copper cathode of 100,000 tonnes. The technological renovation and expansion projects and the infrastructure projects of the Group proceeded smoothly as a whole in 2013 and the required progress of works was achieved on time during the Reporting Year. A total investment of RMB1,230.8 million has been made, including:

In 2013, a total of RMB102.9 million was invested in the further enhancement of the daily mining of 3,400 tonnes, daily processing capacity of 3,000 tonnes as well as annual production capacity of water hardening and nickel matte of 8,000 tonnes of Kalatongke Mining.

In 2013, a total of RMB15.9 million was invested in the further enhancement of the technological renovation and capacity expansion project of enhancing the refining capacities of nickel cathode and copper cathode of the auxiliary facilities of Fukang Refinery, as well as for the technological renovation and capacity expansion project of enhancing additional nickel cathode production capacity to 15,000 tonnes.

As for the technological renovation and expansion projects of Xinjiang Yakesi in relation to the addition of daily mining and ore processing capacity of 4,000 tonnes, a total investment of RMB196.1 million was made in 2013.

With respect to the infrastructure projects of Wuxin Copper with an annual output of 100,000 tonnes of copper cathode, a total investment of RMB915.9 million was made during 2013.

EQUITY INVESTMENTS AND DISPOSAL

In October 2013, the Company and Xinjiang Ashele Copper Industry Company Limited ("Xinjiang Ashele"), which is a connected person of the Company, completed the capital increase into Wuxin Copper totalling RMB40.0 million. In particular, the Company contributed RMB26.4 million in proportion to its existing equity holding percentage into Wuxin Copper. After the capital increase, the registered capital of Wuxin Copper increased from RMB790.0 million to RMB830.0 million, and the equity holding percentage of the Company in Wuxin Copper remains at 66%.

In July 2013, the Group completed the share transfer of its long-term equity investment in an associated company — Tibet Puxing Mining Co., Ltd. to an independent third party at a consideration of RMB3.6 million and the investment income arising therefrom was RMB12,916.03.

FINANCIAL REVIEW

Operating Results

In 2013, the revenue of the Group amounted to RMB844.9 million, representing a decrease of 44.7% as compared to RMB1,529.2 million in 2012; the comprehensive loss of the Group amounted to RMB66.9 million, as compared to the comprehensive income of RMB10.2 million in 2012; the comprehensive loss attributable to shareholders of the Company amounted to RMB58.5 million, as compared to the comprehensive income of RMB21.8 million in 2012.

In 2013, the revenue of the Group decreased as compared to 2012, which was primarily due to the decreased prices of nickel cathode and copper cathode as well as the decreased volume of sale of nickel cathode; the main reason for the decrease in comprehensive income as compared with that in 2012 was that the market prices of nickel cathode and copper cathode declined continuously in 2013.

Revenue and gross profit of the principal businesses

The following table illustrates the details of sales by products of the Group for the two years ended 31 December 2013 and 31 December 2012:

Product Name	**For the year ended 31 December 2013**			For the year ended 31 December 2012			
	Sales volume	**Amount**	**% to**	Sales Volume	Amount	% to	Amount
	Tonnes	***RMB'000***	***Revenue***	*Tonnes*	*RMB'000*	*Revenue*	*+/(-)*
Nickel cathode	**4,182**	**394,993**	**51.2%**	10,268	1,096,752	73.5%	(64%)
Copper cathode	**7,936**	**358,101**	**46.5%**	7,280	355,817	23.8%	0.6%
Copper concentrate	**1,281**	**13,470**	**1.7%**	2,063	16,114	1.1%	(16.4%)
Other Products		**4,386**	**0.6%**		23,920	1.6%	(81.7%)
Total revenue of the principal businesses		**770,950**	**100%**		1,492,603	100%	(48.3%)
Cost of the principal business		**(668,509)**	**86.7%**		(1,290,318)	86.5%	(48.2%)
Gross profit		**102,441**	**13.3%**		202,285	13.5%	(49.4%)

In 2013, the revenue of nickel cathode of the Group amounted to RMB395 million, representing a decrease of 64% as compared to that in 2012, mainly attributable to the decrease in the volume of sale and selling prices of nickel cathode. The average selling price of the Group's nickel cathode in 2013 amounted to RMB94,442 per tonne, representing a decrease of 11.6% as compared to the average selling price of RMB106,812 per tonne in 2012; the Group enhanced its economic benefits by adopting a market strategy in which it enlarged the inventories of products appropriately to control the sales volume of nickel cathode. As a result, the Group's nickel cathode products could be sold at higher market prices. In 2013, the Group's sales volume of nickel cathode was 4,182 tonnes, representing a decrease of 59.3% as compared to 10,268 tonnes in 2012.

In 2013, the revenue of copper cathode of the Group amounted to RMB358.1 million, representing an increase of 0.6% as compared to 2012, mainly due to the increase in and the sales volume of copper cathode, which was partially offset by the decrease of the selling price. The average selling price of copper cathode of the Group in 2013 was RMB45,126 per tonne, representing a decrease of 7.7% as compared to the average selling price of RMB48,873 per tonne in 2012; the sales volume of copper cathode of the Group was 7,936 tonnes, representing an increase of 9.0% as compared to 7,280 tonnes in 2012.

In 2013, the revenue of copper concentrate of the Group amounted to RMB13.5 million, representing a decrease of 16.4% as compared to that in 2012, mainly due to the decrease in sales volume caused by the need of the Group for copper concentrate reserve.

In 2013, the revenue of other products of the Group amounted to RMB4.4 million, representing a decrease of 81.7% as compared to that in 2012, because there was no sales of gold in 2013.

In 2013, gross profits from the Group's principal businesses decreased by 49.4% from RMB203.3 million in 2012 to RMB102.4 million. The decrease in the gross profits was mainly due to the drop in the product price. The gross profit margin in 2013 was 13.3%, representing a decrease of 0.2 percentage point as compared with 13.5% in 2012.

SELLING AND DISTRIBUTION EXPENSES

In 2013, selling and distribution expenses incurred by the Group decreased by 37.2% to RMB9.8 million, as compared to RMB15.7 million in 2012, mainly due to the decrease in the Group's sales of nickel cathode in 2013, which also led to the corresponding decrease in the loading fees as well as transportation fees of products.

GENERAL AND ADMINISTRATIVE EXPENSES

In 2013, general and administrative expenses incurred by the Group decreased by 15.9% to RMB142.7 million, as compared to RMB169.8 million in 2012. The decrease in expenses was primarily due to the decrease in administrative expenses and employee benefits and the decrease in the amortisation of exploration costs.

FINANCE EXPENSES — NET

In 2013, finance expenses incurred by the Group decreased by RMB4.6 million to net finance income of RMB1.6 million from net finance expense of RMB3.0 million in 2012, primarily due to the accounting of the discount interest income of the long-term payables in 2013 amounted to RMB6.9 million, resulting in a net finance income as shown in the finance expenses of the Group.

FINANCIAL POSITION

The Group's consolidated balance sheet remained solid. Shareholders' equity decreased from RMB5,639.2 million to RMB5,587.6 million in 2013, primarily due to the losses in the results of operations in 2013; total assets increased by 30.4% to RMB11,059.2 million, primarily due to the increase in inventories and continuous commencement of technological renovation projects of the Group.

In 2013, the net cash outflow generated by the Group's operating activities amounted to RMB997.4 million. As compared to the net cash outflow of RMB132.7 million in 2012, there was an increase in the net outflow of RMB864.7 million, primarily due to the decrease in product prices and the reduction in operational cash inflow resulting from the decrease in sale volume of nickel cathode and the increase in inventories; the net cash outflow generated from investment activities was RMB1,058.9 million, which was mainly used in purchasing equipment and as the construction costs of the Group's various technology renovation and expansion projects; the net cash inflow generated from financing activities amounted to RMB2,164 million. The cash inflow mainly came from bank loans and other interest-bearing borrowings received by the Group. The cash outflow was mainly attributable to the Group's repayment of bank loans and interest in 2013.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2013, the Group had total cash and cash equivalents amounting to RMB577.9 million (2012: RMB470.2 million), and the interest-bearing borrowings of the Group amounted to RMB4,285.2 million (2012: RMB2,020 million).

	As at 31 December 2013	As at 31 December 2012
Current ratio *(times)*	**1.1**	1.4
Gearing ratio *(borrowings/total assets)*	**38.7%**	23.8%

COMMODITY PRICE RISK

The prices of the Group's products are influenced by international and domestic market prices and changes in 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 the volatility of their supply and demand 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.

RISK OF FLUCTUATIONS IN EXCHANGE RATE

The transactions of the Group are all denominated in Renminbi. Fluctuations in exchange rates may affect the international and domestic non-ferrous commodity prices, which impact the Group's results of operation. Renminbi is not a freely convertible currency, and the conversion of Renminbi into a basket of currencies may involve fluctuations. In light of further actions and measures adopted for free transactions of Renminbi by the PRC government, fluctuations in exchange rates may adversely affect the value, translated or converted into Hong Kong dollars, of the Group's net assets, earnings and any dividends declared.

INTEREST RATE RISK

The Group's interest rate risk mainly arises from bank loans and interest-bearing long-term borrowings. Amounts of borrowing from/ deposit to banks at variable rates can expose the Group to cash flow interest rate risk. The Group adjusts the relative proportion of contracts at fixed rate and contracts at floating rate based on market situation. As at 31 December 2013, the Group's interest bearing borrowings were mainly at floating rates and denominated in RMB, which totalled RMB4,285.2 million (2012: RMB2,020.0 million). Any increase in the interest rate will cause an increase in the cost of debt financing of the Company. The Group did not execute any form of interest rate agreement or derivative to hedge against the fluctuation in interest rate.

CHARGE ON ASSETS

As at 31 December 2013, included in cash at bank and on hand of the Group was restricted cash at banks amounted to RMB73.1 million set aside as the security for issuing bank acceptance notes and other purposes. Wuxin Copper Mining, a subsidiary of the Company entered into two pledge contracts with the banks in respect of the copper concentrate inventories with value of RMB303.9 million. The borrowing limit of the pledge amounted to RMB212.7 million. As at 31 December 2013, bank borrowings of RMB200 million were obtained. Save as disclosed above, the Group did not have any other charges or pledges of its assets as at 31 December 2013.

CONTINGENT LIABILITIES

The Company and the joint venture partner provided guarantees for the bank borrowing by Hexin Mining of RMB369.5 millon, in which the Company issued corporate guarantees to the related lender of Hexin Mining in the amount of RMB184.75 million. Such corporate guarantees remained in force as at 31 December 2013. Save as disclosed above, the Group did not have any other contingent liabilities as at 31 December 2013.

COMMITMENTS

(1) Capital commitments

Capital expenditures contracted for or have been approved by the management but are not yet necessary to be recognised as at the date of the balance sheet:

	As at 31 December	
	2013	2012
	RMB '000	*RMB '000*
Buildings, machinery, and equipment	**250,903**	889,366

The Group's share of the joint ventures' own commitments for capital expenditure are as follows:

	As at 31 December	
	2013	2012
	RMB '000	*RMB '000*
Buildings, machinery, and equipment	**3,205**	—

(2) Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	As at 31 December	
	2013	2012
	RMB '000	*RMB '000*
Within one year	**1,636**	1,636
Between one and two years	**1,636**	1,636
Between two and three years	**—**	1,636
	3,272	4,908

EVENTS AFTER THE BALANCE SHEET DATE

On 18 February 2014, the Company completed the issue of the first tranche of the medium-term notes in the amount of RMB500 million with a term of 3 years, and at a fixed interest rate of 7.12% per annum.

Save as disclosed above, the Group has no other events after the balance sheet date to be disclosed or adjusted.

OUTLOOK

Operating Environment

In the year of 2014, even the global economy remains in a recovery stage, and there are more uncertainties affecting the recovery of global economy, the Chinese economy still maintains robust growth with more attention to be paid to the structural adjustment and the change in the mode of growth, but the pace of growth has slowed down (the PRC government forecasts China's GDP growth rate target for the year 2014 to be around 7.5%). Therefore the Group expects the consumption volume of nickel cathode and copper cathode in the domestic non-ferrous metal market to keep on growing in 2014. Due to the comparative shortage in the supply of nickel and copper resources, nickel cathode and copper cathode products from domestic manufacturers are still unable to fulfill the domestic consumption demand in 2014 and substantial import amount is required to ease the shortage in supply from the domestic market. In 2014, it is expected that the domestic market of nickel cathode and copper cathode will continue to sustain trading with active and growing transactions.

The Group expects the domestic market prices of nickel cathode for the year of 2014 to rise amidst fluctuations based on the average prices in Shanghai Yangtze River Non-ferrous Metals Spot Market in December 2013, and forecasts a slight increase in the average price throughout the year as compared with 2013. The domestic market prices of copper cathode for the year 2014 may keep fluctuating based on the average prices in Shanghai Yangtze River Non-ferrous Metals Spot Market for the second half of 2013.

Operational Objectives

For the year of 2014, the Group plans to produce 11,000 tonnes of nickel cathode and 64,110 tonnes of copper cathode (among which, Fukang Refinery produces 7,335 tonnes and Wuxin Copper produces 56,775 tonnes). Please be cautioned that because of quite a number of uncertainties in metal prices and the domestic raw materials market, the above plan has been made merely on the basis of the current market situation and the existing conditions of the Group. The Board may adjust the relevant production plan according to the changes of situation.

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 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 shareholders and other stakeholders and enhancing shareholder value.

The Board has adopted the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the"Listing Rules"). The Group has fully complied with all the code provisions under the CG Code in the financial year of 2013.

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 for securities transactions by the directors of the Company (the "Directors") and the supervisors of the Company (the "Supervisors"). Having made specific enquiry of all Directors and Supervisors, all Directors and Supervisors have complied with the required standards as set out in the Model Code for the year ended 31 December 2013.

AUDIT COMMITTEE

The Audit Committee comprises two independent non-executive Directors, Mr. Chen Jianguo and Mr. Li Wing Sum, Steven, and one non-executive Director, Mr. Niu Xuetao. 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 2013 audit plan of the Company and the 2013 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 2013.

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. The annual report of the Company will also be available at the Company's and the Stock Exchange's website in March 2014 and will be despatched to shareholders of the Company in March 2014.

DIVIDEND

At the meeting of Board held on 21 March 2014, the Board proposed no payment of a final dividend for the year ended 31 December 2013 to be made by the Company, which is subject to the approval of the Company's shareholders in the 2013 annual general meeting ("AGM") of the Company to be held on 23 May 2014.

CLOSURE OF REGISTER FOR AGM

The register of members of the Company will be closed from 23 April 2014 to 23 May 2014 (both days inclusive), during which time no share transfers will be registered. In order to be eligible to attend the 2013 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 22 April 2014.

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

PRC, Xinjiang, 21 March 2014

As at the date of this announcement, the executive Directors are Mr. Yuan Ze, Mr. Shi Wenfeng and Mr. Zhang Guohua; the non-executive Directors are Mr. Zhou Chuanyou and Mr. Niu Xuetao; and the independent non-executive Directors are Mr. Chen Jianguo, Mr. Wang Lijin and Mr. Li Wing Sum, Steven.

* *For identification purpose only*