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)

2014 FINAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Revenue was RMB3,392.4 million, an increase of 301% as compared to RMB844.9 million in 2013
- Comprehensive income attributable to shareholders of the Company was RMB77.8 million, as compared to comprehensive loss of RMB58.5 million in 2013
- Basic earnings per share was RMB0.035 as compared to basic loss per share of RMB0.026 in 2013
- The Board does not recommend any payment of final dividend, which is the same as in 2013

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 2014 (the "**Reporting Year**").

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2014

	Notes	**2014** **RMB'000**	2013 RMB'000
Revenue	3	**3,392,424**	844,914
Less: Cost of sales	3	**(2,982,011)**	(695,593)
Taxes and surcharges		**(12,951)**	(6,341)
Selling and distribution expenses		**(42,738)**	(9,841)
General and administrative expenses		**(157,941)**	(142,707)
Finance (expense)/income — net	5	**(167,254)**	1,601
Assets impairment/(losses)	4(c)	**1,874**	(38,842)
Gains/(losses) on the changes in fair value	4(d)	**7,460**	(7,522)
Investment (losses)/income	4(e)	**(13,273)**	(13,207)
Including: Share of profit of joint-venture		**7,589**	750
Operating profit/(loss)		**25,590**	(67,538)
Add: Non-operating income	4(a)	**8,247**	2,466
Including: Gains on disposal of non-current assets		**272**	41
Less: Non-operating expenses	4(b)	**(1,990)**	(459)
Including: Losses on disposal of non-current assets		**(573)**	(4)
Total profit/(loss)	4	**31,847**	(65,531)
Less: Income tax expenses	6	**(19,099)**	(1,361)
Net profit/(loss)		**12,748**	(66,892)
Attributable to equity holders of the Company		**77,762**	(58,514)
Non-controlling interests		**(65,014)**	(8,378)
Other comprehensive income/(loss)		**—**	—
Total comprehensive income/(loss)		**12,748**	(66,892)
Attributable to equity holders of the Company		**77,762**	(58,514)
Non-controlling interests		**(65,014)**	(8,378)
Earnings/(loss) per share			
Basic earnings/(loss) per share *(RMB)*	7	**0.035**	(0.026)
Diluted earnings/(loss) per share *(RMB)*	7	**0.035**	(0.026)
Proposed final dividends	8	**—**	—

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	Notes	31 December 2014 RMB'000	31 December 2013 RMB'000
ASSETS			
Current assets			
Cash at bank and on hand		**737,213**	651,010
Notes receivable	9	**228,981**	133,887
Interest receivable		**—**	246
Accounts receivable	9	**87,259**	22,900
Advances to suppliers		**97,617**	280,532
Other receivables		**55,937**	62,521
Inventories		**2,646,365**	1,923,981
Other current assets		**382,510**	354,074
Total current assets		**4,235,882**	3,429,151
Non-current assets			
Long-term equity investments		**156,008**	148,419
Fixed assets		**5,063,292**	2,628,112
Construction materials		**1,821**	4,267
Construction in progress		**1,252,643**	3,657,516
Intangible assets		**1,013,815**	1,033,453
Goodwill		**28,088**	28,088
Long-term prepaid expenses		**133**	400
Deferred tax assets		**44,045**	43,165
Other non-current assets		**90,110**	86,620
Total non-current assets		**7,649,955**	7,630,040
TOTAL ASSETS		**11,885,837**	11,059,191

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	Notes	**31 December 2014** *RMB'000*	31 December 2013 *RMB'000*
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term loans		**1,116,500**	1,783,766
Financial liabilities at fair value through profit or loss		**651,244**	7,522
Notes payable		**536,676**	40,000
Accounts payable	10	**514,076**	272,831
Advances from customers		**18,646**	77,211
Employee benefits payable		**52,353**	54,434
Taxes payable		**10,889**	17,045
Interest payable		**36,414**	7,270
Other payables		**466,781**	468,801
Current portion of non-current liabilities		**502,020**	451,700
Total current liabilities		**3,905,599**	3,180,580
Non-current liabilities			
Provisions		**7,022**	6,348
Long-term loans		**1,635,464**	2,049,700
Bond payable		**500,000**	—
Long-term payable		**45,816**	43,070
Deferred income		**52,585**	51,908
Deferred tax liabilities		**140,510**	139,980
Total non-current liabilities		**2,381,397**	2,291,006
Total liabilities		**6,286,996**	5,471,586

CONSOLIDATED BALANCE SHEET

As at 31 December 2014

	31 December 2014 *RMB'000*	31 December 2013 *RMB'000*
Owners' equity		
Share capital	**552,500**	552,500
Capital surplus	**4,254,755**	4,254,755
Specific reserve	**227**	1,739
Surplus reserve	**249,626**	225,380
Undistributed profits	**256,712**	203,196
Total equity attributable to equity holders of the Company	**5,313,820**	5,237,570
Non-controlling interests	**285,021**	350,035
Total owners' equity	**5,598,841**	5,587,605
TOTAL LIABILITIES AND OWNERS' EQUITY	**11,885,837**	11,059,191

1 BASIS OF PREPARATION AND CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

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) and old Hong Kong Companies Ordinance (Cap. 32).

In 2014, the Ministry of Finance of the PRC issued CAS 39 — Fair Value Measurement, CAS 40 — Joint arrangement, CAS 41 — Disclosure of Interests in Other Entities, and CAS 2 — Long-Term Equity Investments (revised), CAS 9 — Employee Benefits (revised), CAS 30 — Presentation of Financial Statements (revised), CAS 33 — Consolidated Financial Statements (revised) and CAS 37 — Presentation of Financial Instrument (revised), requiring that apart from the CAS 37 — Presentation of Financial Instrument (revised) which should be implemented for financial statements starting from 2014, all other standards should be applied from 1 July 2014. The oversea listing companies are encouraged to early adopt these new standards.

The Group is a Hong Kong listing company, therefore, the 2013 financial statements released on 21 March 2014 have been prepared in advance according to the enterprises CAS 39 — fair value measurement, CAS 40 — the joint venture arrangement, CAS 9 — employee benefits (revised), CAS 30 — financial statements presentations (revised) and CAS 33 — consolidated financial statements (revised).

Other three newly issued policies CAS 2 — long term equity investments (revised), CAS37 — presentation of financial instruments (revised) and CAS 41 — consolidated financial statements (revised) are requested to be implemented for financial statements starting from 2014.

The Company has adopted the above accounting policies for the financial statements of 2014, and the effects of the financial statements of the company are as follows:

Reasons and contents of changes of accounting policies

According to "CAS 30 — Presentation of financial statements (revised)", the assets related government grants is reclassified from "other non-current liabilities" to "deferred income", the comparative financial information has been adjusted correspondingly. The affected accounting subject is shown below:

Items	**31 December 2013 Consolidated** *RMB'000*	**1 January 2013 Consolidated** *RMB'000*
Deferred revenue	51,908	51,856
Other non-current liabilities	(51,908)	(51,856)

Except 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 2013.

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 2014 and 2013, the Group's sales were conducted in China and the Group's assets and liabilities were in China.

For the year ended 31 December 2014, revenue of top three customers of the Group accounted for 12%, 12% and 8% of the total revenue of the Group respectively (2013: 14%, 10% and 7%).

3 REVENUE AND COST OF SALES

Revenue and cost of sales recognised during each of the years ended 31 December 2013 and 2014 are analysed as follows:

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Revenue from main operation *(Note (a))*	**3,326,318**	770,950
Revenue from other operation	**66,106**	73,964
	3,392,424	844,914
Cost of sales from main operation	**2,945,721**	668,510
Cost of sales from other operation	**36,290**	27,083
	2,982,011	695,593

(a) Revenue from main operation

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Nickel cathode	**1,541,849**	394,993
Copper cathode	**1,554,838**	358,101
Others	**229,631**	17,856
	3,326,318	770,950

4 TOTAL PROFIT/(LOSS)

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

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Depreciation	**192,849**	124,250
Amortisation	**18,095**	17,518
Directors' remuneration	**1,966**	2,361
Government grants *(Note (a))*	**(6,228)**	(1,143)
Gains on disposal of fixed assets *(Note (a))*	**(272)**	(41)
Donations *(Note (b))*	**162**	231
Losses on disposal of fixed assets *(Note (b))*	**573**	4
Asset impairment (reversal)/losses *(Note (c))*	**(1,874)**	38,842
(Gains)/losses on changes in fair value *(Note (d))*	**(7,460)**	7,522
Investment losses *(Note (e))*	**13,273**	13,207
Auditors' remuneration	**2,180**	2,210
Mineral resource compensation fees	**14,510**	14,920

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

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

(c) Asset impairment (reversal)/losses

Provision for decline in value of inventories	**11,293**	38,529
Reversal of provision in value of inventories	**(13,497)**	—
Provision for bad debts — net	**330**	313
	(1,874)	38,842

(d) (Gain)/Loss on changes in fair value

(Gains)/Losses on changes in fair value of futures contract	**(7,460)**	7,522

(e) Investment loss

Income from a joint-venture under equity method	**(7,589)**	(750)
Unrealized (profit)/loss between the joint-venture and the Group	**(2,278)**	16,965
Loss/(Income) resulted from the settlement of future contracts	**23,140**	(2,995)
Income from disposal of an associate	**—**	(13)
	13,273	13,207

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

5 FINANCIAL EXPENSE/(INCOME) — NET

	2014	2013
	RMB'000	*RMB'000*
Interest expense	**294,351**	172,710
Including: Bank borrowings	**263,628**	149,224
Bonds payable	**30,723**	—
Other borrowings	**—**	23,486
Less: Capitalised interest expenses	**(126,097)**	(162,258)
Less: Interest income on bank deposits	**(9,614)**	(6,117)
Unwinding of discount — net	**3,419**	(6,571)
Interest on bills discounted	**4,079**	—
Bank charges	**3,800**	638
Foreign exchange gains	**(2,684)**	(3)
	167,254	(1,601)

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

	31 December 2014		31 December 2013	
	Bank borrowings	**Other borrowings**	Bank borrowings	Other borrowings
	RMB'000	***RMB'000***	*RMB'000*	*RMB'000*
Last repayment date of the loan within five years	**198,527**	**2,746**	121,496	23,486
Last repayment date of the loan after five years	**65,101**	**—**	27,728	—
	263,628	**2,746**	149,224	23,486

6 INCOME TAX EXPENSES

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Current income tax	**19,449**	17,173
Deferred income tax	**(350)**	(15,812)
	19,099	1,361

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 2014, the Company and certain of its subsidiaries obtained preferential treatment and the recognition that their business are within the category of Encouraged Industries by the Committee of Economics and Information in the local region of Xinjiang, and their 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 2014 (2013: 15%).

(b) Xinjiang Yakesi* calculated and paid income tax using the preferential rate of 15% for the year ended 31 December 2014 (2013: 15%).

(c) Hami Jubao* calculated and paid income tax using the preferential rate of 15% for the year ended 31 December 2014 (2013: 15%).

(d) Kalatongke Mining* calculated and paid income tax using the preferential rate of 15% for the year ended 31 December 2014 (2013: 15%).

* *As defined in Business Review below*

Other subsidiaries and Shanghai Sales Branch of the Company are subject to corporate income tax rate of 25% in 2014 (2013: 25%).

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

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Total consolidated profit/(loss)	**31,847**	(65,531)
Income tax expenses calculated at applicable tax rate of 25%	**7,962**	(16,383)
Effect of tax reductions	**(25,594)**	2,312
Effect of change in the tax rates	**(15,164)**	2,012
Income not subject to tax	**(1,525)**	(199)
Expenses not deductible for tax purposes	**2,285**	2,812
Deductible temporary differences for which no deferred tax assets were recognised	**47,502**	5,421
Clearance differences in respect of prior years	**3,633**	5,386
Income tax expenses	**19,099**	1,361

7 EARNINGS/(LOSS) PER SHARE

	Year ended 31 December	
	2014	2013
Consolidated net profit/(loss) attributable to equity holders of the Company *(RMB'000)*	**77,762**	(58,514)
Weighted average number of ordinary shares in issue of the Company *(in thousand)*	**2,210,000**	2,210,000
Basic and diluted earnings/(loss) per share *(RMB)*	**0.035**	(0.026)

Diluted earnings/(loss) per share is equal to basic earnings/(loss) 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 2014 which will be submitted at the Annual General Meeting on 22 May 2015 for approval.

	Year ended 31 December	
	2014	2013
	RMB'000	*RMB'000*
Proposed final dividend	**Nil**	Nil

9 ACCOUNTS RECEIVABLE AND NOTES RECEIVABLE

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Accounts receivable *(Note (a),(b))*	**91,164**	26,475
Less: provision for bad debts *(Note (d))*	**(3,905)**	(3,575)
	87,259	22,900
Notes receivable *(Note (c))*	**228,981**	133,887

Notes:

(a) Accounts receivable are analysed as follows:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Accounts receivables		
— Related parties	**3,437**	2,633
— Third parties	**87,727**	23,842
Accounts receivable, gross	**91,164**	26,475

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

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Within one year	**86,102**	21,388
One to two years	**203**	777
Two to three years	**721**	1,196
Three to four years	**1,025**	193
Four to five years	**193**	395
Over five years	**2,920**	2,526
	91,164	26,475

(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 individual customer basis and made adequate bad debt provision accordingly. As at 31 December 2014, accounts receivable of RMB331 thousand (31 December 2013: RMB558 thousand) were past due but not impaired.

(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:

	2014	2013
	RMB'000	*RMB'000*
At 1 January	**3,575**	2,557
Provision for bad debts	**329**	1,018
At 31 December	**3,904**	3,575

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	
	2014	2013
	RMB'000	*RMB'000*
Accounts payable		
— Related parties	**53,841**	60,039
— Third parties	**460,235**	212,792
	514,076	272,831

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

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Within three months	**456,440**	203,239
Three to six months	**26,704**	36,020
Over six months	**30,932**	33,572
	514,076	272,831

11 NET CURRENT ASSETS

	31 December 2014	31 December 2013
Current assets	**4,235,882**	3,429,151
Less: Current liabilities	**(3,905,599)**	(3,180,580)
Net current assets	**330,283**	248,571

12 TOTAL ASSETS LESS CURRENT LIABILITIES

	31 December 2014	31 December 2013
Total assets	**11,885,837**	11,059,191
Less: Current liabilities	**(3,905,599)**	(3,180,580)
Total assets less current liabilities	**7,980,238**	7,878,611

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, as well as the policy on controlling direct export of raw materials for nickel in major countries exporting raw materials for nickel. As such, the domestic and international commodity prices of nickel cathode presented a market situation of reaching but rebounding from the bottom with a concussive movement during the year of 2014, while the commodity prices of copper cathode continuing to fluctuate downward.

In 2014, the average three-month future price of nickel cathode in London Metal Exchange ("**LME**") was US$16,952 per tonne, representing an increase of 12.3% as compared to 2013, and the average three-month future price of copper cathode was US$6,820 per tonne, representing a decrease of 7.3% as compared to that in 2013.

In 2014, the average spot price (including tax) of nickel cathode in Shanghai Yangtze River Non-ferrous Metals Spot Market was RMB115,530 per tonne, representing an increase of 9.1% as compared to that in 2013, and the average spot price (including tax) of copper cathode was RMB49,160 per tonne, representing a decrease of 7.9% as compared to that in 2013.

The domestic price trends of nickel cathode and copper cathode were basically in line with the international market in 2014.

For the year of 2014, 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 was 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 supply shortage in the domestic market 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 2014 amounted to 353,600 tonnes, representing an increase of 27.0% as compared to that in 2013. With an output of 11,167 tonnes of nickel cathode for the year of 2014, 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 2014 are set out in the following tables:

	Ore contents	Grade		Metal contents	
		Cu	Ni	Cu	Ni
	(t)	*(%)*	*(%)*	*(t)*	*(t)*
Resources as at 31 December 2014					
Kalatongke nickel-copper mine	32,277,255	0.99	0.55	318,974	177,909
Three nickel-copper mines in Huangshandong, Huangshan, Xiangshan	82,689,060	0.27	0.45	225,267	370,921
Total	114,966,135			544,241	548,830
Reserves as at 31 December 2014					
Kalatongke nickel-copper mine	18,314,502	1.00	0.60	183,780	110,561
Three nickel-copper mines in Huangshandong, Huangshan, Xiangshan	32,781,414	0.30	0.49	99,546	161,512
Total	51,095,916			283,326	272,082

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 2014 are set out in the following table:

	Ore contents *(t)*	**V_2O_5 Grade** *(%)*	**V_2O_5 contents** *(t)*
Resources as at 31 December 2014			
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 of 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 2014, in order to cope with the adverse influence on enterprises caused by the continuous decrease in both international and domestic market prices of copper cathode and the more frequent and severe fluctuation in the market prices of nickel cathode, 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 corporate management, gradually lifting technical-economic indicators in the production process, strictly controlling non-productive expenditures, improving infrastructure and technological renovation projects as well as fulfilling planned production volume and attaining stated targets through performing the trial run, trial production, craftsmanship adjustment and testing and commissioning as soon as possible. In the meantime, the Group intensified marketing analysis and research, and seized the market opportunity emerged from more frequent and severe fluctuation in the market prices of nickel cathode to sell nickel cathode stock from last year at a higher market price, which in turn enhanced the economic benefits of the Group.

For the year of 2014, the Group recorded a total nickel cathode output of 11,167 tonnes, representing an increase of 8.3% as compared to that in 2013. Total copper cathode output was 39,522 tonnes (among which, 7,660 tonnes of copper cathode was produced by Fukang Refinery of Xinjiang Xinxin Mining Industry Co., Ltd. ("**Fukang Refinery**"), 31,862 tonnes of copper cathode was produced by Xinjiang Wuxin Copper Company Limited ("**Wuxin Copper**")), representing an increase of 416.0% as compared to that in 2013.

For the year of 2014, the Group recorded total nickel cathode sales of 15,029 tonnes, representing an increase of 259.4% as compared to that in 2013. Total copper cathode output was 37,368 tonnes, representing an increase of 370.9% as compared to that in 2013.

For the year of 2014, the Group recorded an average selling price of nickel cathode (tax exclusive) of RMB102,595 per tonne, representing an increase of 8.6% as compared to 2013. Average selling price of copper cathode (tax exclusive) of RMB41,608 per tonne, representing a decrease of 7.8% as compared to that in 2013.

For the year of 2014, the Group recorded an average cost of sales of nickel cathode of RMB80,726 per tonne, representing a decrease of 13.4% as compared to that in 2013. The average cost of sales of copper cathode was RMB39,965 per tonne, representing an increase of 20.7% as compared to that in 2013, of which Fukang Refinery recorded an average cost of sales for copper cathode of RMB30,747 per tonne, representing a decrease of 7.1% as compared to that in 2013, and Wuxin Copper recorded an average cost of sales for copper cathode of RMB41,803 per tonne (Wuxin Copper commenced trial production in June 2014).

In the year of 2014, the Group achieved an operating revenue of RMB3,392.4 million, representing an increase of 301.5% as compared to that in 2013, with a net profit of RMB12.7 million, as compared to a net loss of RMB66.9 million in 2013; a comprehensive income attributable to shareholders of the Company amounted to RMB77.8 million, as compared to a consolidated loss attributable to shareholders of the Company of RMB58.5 million in 2013, and an earnings per share (basic and diluted) of RMB0.035, as compared to a loss per share (basic and diluted) of RMB0.026 in 2013.

Mineral exploration activities: For the year of 2014, Xinjiang Kalatongke Mining Industry Company Limited ("**Kalatongke Mining**") mainly completed mineral exploration projects such as 13,686 meters of drilling in pit, 1,598 meters of surface drilling, 10.0 kilometers of shallow seismic survey, 520 meters of borehole three-component magnetic survey. 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 336 meters of tunnel exploration, 7,964 meters of drilling in pit, 3,361 meters of surface drilling, 2,476 meters of borehole three-component magnetic survey and 22.6 kilometers of 1:10,000 controlled source audio-magnetotelluric tensor (CSAMT) profile surveying. 12.1 kilometers of 1:5,000 high precision gravity profile surveying. In 2014, the total amount of expenditure that the Group expended on mineral exploration was approximately RMB8.6 million.

Mining development activities: In 2014, Kalatongke Mining mainly completed mining development projects such as excavation of 2,000 meters of tunnels at 410 mid-segment of No.3 ore body, main track laying, linings for electric cable cars, lighting set-up in the tunnel and construction of a drainage ditch of 600 meters at 410 mid-segment of No.3 ore body, and excavation of 992 meters of the ramp of 530 mid-segment to 410 mid-segment of No.3 ore body. Xinjiang Yakesi and Hami Jubao mainly completed mining development construction such as excavation of 2,247 meters of tunnels at 350 mid-segment, 450 mid-segment and 530 mid-segment of No. 30 ore body of Huangshanxi (黃山西), and sprayed concrete supporting for chambers of 2,843 cubic meters. In 2014, the Group's total expenditure for mining development amounted to approximately RMB139.2 million.

Ore mining: In 2014, Kalatongke Mining produced 691,197 tonnes of ore, while Xinjiang Yakesi and Hami Jubao produced 825,079 tonnes of ore. In 2014, the aggregate expenditure of the ore mining operation of the Group was approximately RMB318.5 million.

Ore processing: In 2014, Kalatongke Mining produced 89,098 tonnes of nickel-copper combined concentrate, while Xinjiang Yakesi and Hami Jubao produced 34,470 tonnes of nickel concentrate and 3,751 tonnes of copper concentrate.

Smelting and refining: For the year of 2014, Kalatongke Mining produced 20,729 tonnes of water hardening and nickel matte. Xinjiang Zhongxin Mining Company Limited ("**Hami Zhongxin**") produced 7,746 tonnes of water hardening and nickel matte. Fukang Refinery manufactured 11,167 tonnes of nickel cathode and 7,660 tonnes of copper cathode. Wuxin Copper manufactured 31,862 tonnes of copper cathode.

Sales: For the year of 2014, the Group achieved revenue from principal businesses of RMB3,326.3 million, which comprised RMB1,541.8 million of sales revenue from nickel cathode, accounting for 46.4% of the revenue from principal businesses of the Group, and RMB1,554.8 million of sales revenue from copper cathode, accounting for 46.7% 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 RMB229.7 million, representing 6.9% of the revenue from principal businesses of the Group.

The infrastructure projects of Wuxin Copper with an annual output of 100,000 tonnes of copper cathode was completed in June 2014 and put into trial production since then. The trial production has been running steadily and smoothly without any serious problems on craftsmanship, technology and operation. As Wuxin Copper is still under the trial production stage, its productivity and major technical and economic indicators still needs to be improved and the expected productivity or targets have yet to achieved. In addition, under the negative effects resulted from the continuous low copper cathode prices in the international and domestic markets in the second half of 2014, Wuxin Copper recorded a net loss of RMB188.6 million in 2014. Saved as the above, in 2014, the overall production and operation of the Group were stable, with no material operation difficulties or operational problems.

Progress of Technological Renovation and Expansion Projects and Infrastructure Projects

In 2014, the technological renovation and expansion projects and infrastructure projects carried out by the Group mainly included four technological renovation and infrastructure projects: 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 the additional mining and ore processing capacity of Xinjiang Yakesi, and the infrastructure project of 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 2014 and the required progress of works was achieved on time during the Reporting Year. A total investment of RMB653.5 million has been made, mainly including:

In 2014, a total of RMB78.8 million was invested in the further enhancement of the technological renovation and capacity expansion projects involving 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 2014, a total of RMB21.2 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 preliminary works of the technological renovation and capacity expansion project of enhancing additional nickel cathode production capacity to 15,000 tonnes.

As for the technological renovation and capacity expansion projects of Xinjiang Yakesi and Hami Jubao in relation to the addition of daily mining and ore processing capacity of 4,000 tonnes, a total investment of RMB213.6 million was made in 2014.

With respect to the infrastructure project of Wuxin Copper with an annual output of 100,000 tonnes of copper cathode, a total investment of RMB269.60 million was made during 2014.

EQUITY INVESTMENTS AND DISPOSAL

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

FINANCIAL REVIEW

Operating Results

In 2014, the revenue of the Group amounted to RMB3,392.42 million, representing an increase of 301.5% as compared to RMB844.9 million in 2013; the comprehensive income of the Group amounted to RMB12.7 million, as compared to the comprehensive loss of RMB66.9 million in 2013; the comprehensive income attributable to shareholders of the Company amounted to RMB77.8 million, as compared to the comprehensive loss attributable to shareholders of the Company of RMB58.5 million in 2013.

In 2014, the turnover of the Group increased significantly as compared to that in 2013, which was primarily due to the significant increase in sales volume of nickel cathode and the increase in sales volume of copper cathode resulting from Wuxin Copper which was formally put into production in 2014.

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 2014 and 31 December 2013:

Product Name	**For the year ended 31 December 2014** Sales volume *Tonnes*	Amount *RMB'000*	% to Revenue	For the year ended 31 December 2013 Sales Volume *Tonnes*	Amount *RMB'000*	% to Revenue	Amount of growth rate +/(-)
Nickel cathode	**15,029**	**1,541,849**	**46.4%**	4,182	394,993	51.2%	290.3%
Copper cathode	**37,368**	**1,554,838**	**46.7%**	7,936	358,101	46.5%	334.2%
Copper cathode –Fukang Refinery	**6,213**	**258,770**	**7.8%**	7,936	358,101	46.5%	(27.7%)
Copper cathode –Wuxin Copper	**31,155**	**1,296,068**	**38.9%**		—		
Copper concentrate	**1,065.63**	**9,981**	**0.3%**	1,281	13,470	1.7%	(25.9%)
Anode slime	**115.6**	**168,468**	**5.1%**		—		
Other Products		**51,182**	**1.5%**		4,386	0.6%	1,066.9%
Total revenue from main operation		**3,326,318**	**100%**		770,950	100%	331.5%
Cost of sales from main operation		**(2,945,721)**	**88.6%**		(668,509)	86.7%	340.6%
Gross profit		**380,597**	**11.4%**		102,441	13.3%	271.5%

In 2014, the revenue of nickel cathode of the Group amounted to RMB1,542 million, representing an increase of 290.3% as compared to that in 2013, mainly attributable to the increases in the sales volume and selling prices of nickel cathode. The average selling price of the Group's nickel cathode in 2014 amounted to RMB102,595 per tonne, representing an increase of 8.6% as compared to RMB94,442 per tonne in 2013. In 2014, the Group's sales volume of nickel cathode was 15,029 tonnes, representing an increase of 259.4% as compared to 4,182 tonnes in 2013, mainly attributable to the sales of inventories of nickel cathode of the previous year at a high price.

In 2014, the revenue of copper cathode of the Group amounted to RMB1,555 million, representing an increase of 334.2% as compared to that in 2013, mainly due to the increase in the sales volume of copper cathode, which was partly offset by the decrease in the selling price. The average selling price of copper cathode of the Group in 2014 was RMB41,608 per tonne, representing a decrease of 7.8% as compared to RMB45,126 per tonne in 2013; the sales volume of copper cathode of the Group was 37,368 tonnes, representing an increase of 370.9% as compared to 7,936 tonnes in 2013. The increase in the sales volume was mainly attributable to the official production of Wuxin Copper, a subsidiary of the Company.

In 2014, the revenue of copper concentrate of the Group amounted to RMB10 million, representing a decrease of 25.9% as compared to that in 2013, mainly due to the decrease in the sales volume of copper concentrate which was caused by the fact that the copper concentrate produced by the Company was mainly supplied to Wuxin Copper for the production of copper cathode after its official production.

In 2014, the revenue of anode slime of the Group amounted to RMB168.5 million, being the product of Wuxin Copper after its official production.

In 2014, the revenue of other products of the Group amounted to RMB51.2 million, representing a significant increase as compared to that in 2013, which was mainly attributable to the increases in sales of precious metals and sulphuric acid of the Group, the latter was due to the official production of Wuxin Copper.

In 2014, the gross profit from the Group's principal business amounted to RMB380.6 million, representing an increase of 271.5% as compared to RMB102.4 million in 2013. The increase in the gross profit was mainly due to the increase in selling price, the decrease in cost of sales and the increase in sales volume of nickel cathode; the gross profit margin in 2014 was 11.4%, representing a decrease of 1.9 percentage points as compared with 13.3% in 2013, which was mainly attributable to the relatively high production cost and in turn the relatively low gross profit margin of copper cathode as produced by Wuxin Copper at its beginning and thus unstable stage after official production.

SELLING AND DISTRIBUTION EXPENSES

In 2014, selling and distribution expenses incurred by the Group increased by 334.3% to RMB42.7 million, as compared to RMB9.8 million in 2013, mainly due to the increases in the Group's sales of nickel cathode and copper cathode in 2014, which also led to the corresponding increase in the loading and transportation costs of products.

GENERAL AND ADMINISTRATIVE EXPENSES

In 2014, general and administrative expenses incurred by the Group increased by 10.7% to RMB157.9 million, as compared to RMB142.7 million in 2013. The increase in expenses was primarily due to the increase in employee benefits, taxes, depreciation and amortisation resulting from the official production of Wuxin Copper.

FINANCE EXPENSES — NET

In 2014, net finance expense incurred by the Group amounted to RMB167.3 million, representing an increase of finance expense of RMB168.9 million as compared to RMB1.6 million of net finance income in 2013, primarily due to the interest of borrowings of Wuxin Copper was expensed after its official production.

FINANCIAL POSITION

In 2014, shareholders' equity increased from RMB5,587.6 million to RMB5,598.8 million in 2014, primarily due to the profit in 2014; total assets increased by 7.5% to RMB11,885.8 million, primarily due to the increase in inventories of the Group.

In 2014, the net cash inflow generated by the Group's operating activities amounted to RMB672.3 million. As compared to the net cash outflow of RMB997.4 million in 2013, there was an increase in the inflow of RMB1,669.7 million, primarily due to the sales of inventories of nickel cathode of the previous year at a high price by the Group in 2014; the net cash outflow used in investment activities was RMB597.3 million, which was mainly used in the purchasing of equipment for and as the construction costs of the Group's various technology renovation and expansion projects; and the net cash outflow used in financing activities amounted to RMB94.3 million. The cash inflow mainly came from bank loans and other interest-bearing borrowings received by the Group of RMB2,605.1 million. The cash outflow was mainly attributable to the Group's repayment of bank loans and interest of RMB2,699.4 million.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2014, the Group had total cash and cash equivalents amounting to RMB558.7 million (2013: RMB577.9 million), and the interest-bearing borrowings of the Group amounted to RMB4,405.2 million (2013: RMB4,285.2 million).

	As at 31 December 2014	As at 31 December 2013
Current ratio *(times)*	**1.1**	1.1
Gearing ratio *(borrowings/total assets)*	**37.1%**	38.7%

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.

INTEREST RATE RISK

The Group's interest rate risk mainly arises from bank loans and interest-bearing long-term borrowings. Bank deposits and loans at variable rate expose the Group to cash flow interest rate risk, while fixed rate interest-bearing financial liabilities of the Group are subject to the risk of the fair value of interest. The Group adjusts the relative proportion of contracts at fixed rate and contracts at floating rate based on market situation. As at 31 December 2014, the Group's interest-bearing debts were mainly floating rate borrowings contacts, fixed rates borrowings contacts and interest-bearing bond payable denominated in RMB, which totalled RMB4,405.2 million (31 December 2013: RMB4,285.1 million). The Group has no interest rate swap arrangement.

CHARGE ON ASSETS

As at 31 December 2014, included in cash at bank and on hand of the Group was restricted cash at banks amounted to RMB178.6 million set aside as the security for issuing bank acceptance notes and other purposes. Wuxin Copper, a subsidiary of the Company, entered into two pledge contracts with the bank in respect of copper concentrate inventories with value of RMB308.8 million. As at 31 December 2014, the loan balance amounted to RMB200.0 million as at 31 December 2014. During the period, Wuxin Copper entered into a pledge contract with another bank in respect of the pledged fixed assets and land use right amounting to RMB1,255.9 million. The borrowing limit of the pledge amounted to RMB287.9 million. As at 31 December 2014, balance of loan of RMB200.7 million was obtained. In addition, during the period, Wuxin Copper obtained the gold lease and the corresponding futures contracts amounting to RMB100.0 million as at 31 December 2014 with the pledged of copper concentrate of RMB151.2 million. Save as disclosed above, the Group did not have any other charges or pledges of its assets as at 31 December 2014.

CONTINGENT LIABILITIES

The Company and the joint venture partner provided guarantees for the bank borrowing by Hexin Mining, in which the Company provided corporate guarantees to the related lender of Hexin Mining in the amount of RMB145.5 million. Such corporate guarantees remained in force as at 31 December 2014. Save as disclosed above, the Group did not have any other contingent liabilities as at 31 December 2014.

COMMITMENTS

(1) Capital commitments

As at the balance sheet date, the Group has no capital expenditures contracted for but are not yet necessary to be recognised on the balance sheet. The capital expenditures budgeted by the management but not yet necessary to be recognised as at the date of the balance sheet is shown below:

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Buildings, machinery, and equipment	**233,447**	250,903

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

	As at 31 December	
	2014	2013
	RMB'000	*RMB'000*
Buildings, machinery, and equipment	**10,000**	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	
	2014	2013
	RMB'000	*RMB'000*
Within one year	**1,636**	1,636
Between one and two years	**—**	1,636
	1,636	3,272

EVENTS AFTER THE BALANCE SHEET DATE

The Group has no events after the balance sheet date which need to be disclosed or adjusted.

OUTLOOK

Operating Environment

In the year of 2015, even the global economy remains in a recovery stage, and there are many uncertainties affecting the recovery of global economy, the Chinese economy still maintains moderate and 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 2015 to be around 7%). 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 2015. Due to the comparative shortage in nickel and copper resources, nickel cathode and copper cathode products from domestic manufacturers are still unable to fulfill the domestic consumption demand in 2015 and substantial import amount is required to ease the shortage in supply from the domestic market. In 2015, 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 2015 to maintain stable amidst fluctuations based on the average prices in Shanghai Yangtze River Non-ferrous Metals Spot Market for the fourth quarter of 2014, and forecasts a slight increase in the average price throughout the year as compared with 2014. The domestic market prices of copper cathode may keep dropping amidst fluctuations based on the average prices in Shanghai Yangtze River Non-ferrous Metals Spot Market for the fourth quarter of 2014. It is expected that the annual average price would record a slight decline as compared to that of 2014.

Operational Objectives

For the year of 2015, the Group plans to produce 11,200 tonnes of nickel cathode and 85,562 tonnes of copper cathode (among which, Fukang Refinery produces 8,756 tonnes and Wuxin Copper produces 76,806 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 2014.

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 to the Listing Rules as its own code of conduct for securities transactions by the directors of the Company (the "**Directors**") and the supervisors of the Company (the "**Supervisors**"). Having made specific 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 2014.

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. Hu Chengye. 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 2014 audit plan of the Company and the 2014 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 2014.

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 websites in March 2015 and will be despatched to shareholders of the Company in March 2015.

DIVIDEND

At the meeting of Board held on 20 March 2015, the Board proposed no payment of a final dividend for the year ended 31 December 2014 to be made by the Company, which is subject to the approval of the Company's shareholders in the 2014 annual general meeting ("**AGM**") of the Company to be held on 22 May 2015.

CLOSURE OF REGISTER FOR AGM

The register of members of the Company will be closed from 22 April 2015 to 22 May 2015 (both days inclusive), during which time no share transfers will be registered. In order to be eligible to attend the 2014 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 21 April 2015.

By Order of the Board
Xinjiang Xinxin Mining Industry Co., Ltd.*
Guo Haitang
Chairman

PRC, Xinjiang, 20 March 2015

As at the date of this announcement, the executive Directors are Mr. Shi Wenfeng and Mr. Lu Xiaoping; the non-executive Directors are Mr. Guo Haitang, Mr. Zhou Chuanyou and Mr. Hu Chengye; and the independent non-executive Directors are Mr. Chen Jianguo, Mr. Wang Lijin and Mr. Li Wing Sum Steven.

* *For identification purpose only*