Xinjiang Xinxin Mining Industry Co., Ltd.*
新 疆 新 鑫 礦 業 股 份 有 限 公 司
(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(Stock code: 3833)

ANNOUNCEMENT

MAJOR TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO XINJIANG WUXIN COPPER INDUSTRY CO., LTD AND RESUMPTION OF TRADING

THE EQUITY TRANSFER AGREEMENT

On 28 March 2016, a non-trading day, the Company, the Purchaser and the Target Company entered into the Equity Transfer Agreement pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Subject Interest at the Consideration payable by the Purchaser in accordance with the terms and conditions of the Equity Transfer Agreement.

LISTING RULES IMPLICATIONS

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal is 25% or more but less than 75%, the Disposal constitutes a major transaction for the Company and is therefore subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules .

As at the date of this announcement, the Purchaser is the controlling shareholder (as defined in the Listing Rules) of the Company and is beneficially interested in approximately 40.06% of the entire issued share capital of the Company. Accordingly, the Purchaser is a connected person of the Company and the Disposal constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. Given that each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Equity Transfer Agreement exceeds 5%, the Disposal is subject to the reporting, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL

The Company will convene the EGM as soon as practicable to consider, and if thought fit, approve the Equity Transfer Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) details of the Equity Transfer Agreement and the transactions contemplated thereunder; (ii) the recommendation from the Independent Board Committee to the Independent Shareholders in relation to the Equity Transfer Agreement and the transactions contemplated thereunder; (iii) a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; and (iv) a notice of the EGM is expected to be despatched to the Shareholders on or before 31 May 2016, as additional time is required by the Company for the preparation of certain information for inclusion in the circular.

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the Purchaser and its close associates who are required to abstain from voting on the resolutions to be proposed at the EGM, no other Shareholder or any of its close associates has any material interest in the Equity Transfer Agreement and the transactions contemplated thereunder, and no other Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM.

As Completion is subject to the fulfilment of certain conditions precedent which may or may not be fulfilled, there is no assurance that the Disposal will be completed. Shareholders and potential investors of the Company should exercise caution when dealing in the securities of the Company.

RESUMPTION OF TRADING

At the request of the Company, trading in the H Shares of the Company was halted with effect from 9:00 am on Tuesday, 29 March 2016 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for the resumption in the trading of the H Shares of the Company with effect from 9:00 am on Wednesday, 30 March 2016.

CLARIFICATION

Reference is made to the announcement of the Company dated 29 March 2016 pertaining to the trading halt in respect of the H Shares of the Company. Pursuant to further clarification in relation to the calculation of the application percentage ratios for the Disposal, as the highest applicable percentage ratio in relation to the Disposal is 25% or more but less than 75%, the Disposal constitutes a major transaction and not a very substantial disposal for the Company.

INTRODUCTION

On 28 March 2016, a non-trading day, the Company, the Purchaser and the Target Company entered into the Equity, Transfer Agreement pursuant to which the Company has conditionally agreed to sell, and the Purchaser has conditionally agreed to acquire, the Subject Interest at the Consideration payable by the Purchaser in accordance with the terms and conditions of the Equity Transfer Agreement.

THE EQUITY TRANSFER AGREEMENT

Date

28 March 2016

Parties

(i) The Company;

(ii) The Purchaser; and

(iii) The Target Company.

As at the date of this announcement, the Purchaser is the controlling shareholder (as defined in the Listing Rules) of the Company and is beneficially interested in approximately 40.06% of the entire issued share capital of the Company. Accordingly, the Purchaser is a connected person of the Company.

Assets to be disposed

Pursuant to the Equity Transfer Agreement, the Company has conditionally agreed to sell and the Purchaser has conditionally agreed to acquire the Subject Interest, representing 66% equity interest of the Target Company.

Consideration

Pursuant to the Equity Transfer Agreement, the Consideration will be determined as follows:

(i) if 66% of the audited net asset value of the Target Company as at 31 December 2015 is no less than RMB12 million, the Consideration will be the actual amount of 66% of the audited net asset value of the Target Company; or

(ii) if 66% of the audited net asset value of the Target Company as at 31 December 2015 is less than RMB12 million, the Consideration will be RMB12 million.

As 66% the unaudited net asset value of the Target Company as at 31 December 2015 based on the management accounts of the Target Company is less than RMB12 million, it is expected that the Consideration payable by the Purchaser to the Company will be RMB12 million.

The Consideration shall be payable in cash in the following manner:

(i) 50% of the Consideration shall be paid within seven days from the signing date of the Equity Transfer Agreement; and

(ii) the remaining 50% of the Consideration shall be paid within seven days after the Equity Transfer Agreement has become effective.

The Consideration was determined after arm's length negotiation between the Company and the Purchaser, having regard to the net asset value of the Target Company as at 31 December 2015.

In view of the above, the Directors (excluding the independent non-executive Directors who will give their view after receiving the advice from the Independent Financial Adviser) consider that the Consideration is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

Conditions precedent

The Equity Transfer Agreement shall become effective upon approval of the Equity Transfer Agreement and the transactions contemplated thereunder by the Board and (if required) the Shareholders at the EGM.

Completion

Completion shall take place within fifteen days after the Equity Transfer Agreement has become effective.

Upon Completion, the Company shall cease to hold any interest in the Target Company and the Target Company will cease to be a subsidiary of the Company.

INFORMATION ABOUT THE PARTIES

The Company

The Company is principally engaged in the mining, ore processing, smelting and refining of nickel, copper and other non-ferrous metals, which include cobalt and precious metals such as gold, silver, platinum and palladium.

The Purchaser

The Purchaser is principally engaged in, among other things, investment in nonferrous metal industry and sale of non-ferrous metal products.

The Target Company

The Target Company is a company incorporated in the PRC in September 2009 with limited liability and has a registered share capital of RMB83 million, of which RMB54.78 million was contributed by the Company. Accordingly, the Target Company is owned as to 66% by the Company. The Target Company is principally engaged in copper smelting operations.

The unaudited net assets value of the Target Company as at 31 December 2015 based on the management accounts of the Target Company is approximately RMB17,991,006.65.

The unaudited net losses (both before and after taxation and extraordinary items) attributable to the Group's interest in the Target Company for the financial years ended 31 December 2014 and 31 December 2015 are as follows:

	For the year ended 31 December	
	2015	2014
Net profit/(loss) before taxation and extraordinary items	RMB(593,120,906.10)	RMB(188,557,364.19)
Net profit/(loss) after taxation and extraordinary items	RMB(593,132,239.53)	RMB(188,557,364.19)

FINANCIAL EFFECT OF THE DISPOSAL

After Completion, the Target Company will cease to be a subsidiary of the Company and its financial results, assets and liabilities will no longer be included in the consolidated financial statements of the Group.

Based on the management accounts of the Target Company, as at 31 December 2015, the unaudited net asset value of the Target Company amounted to approximately RMB17,991,004.65. As 66% of such amount is equivalent to RMB11,874,063.07 and less than RMB12 million, according to the terms of the Equity Transfer Agreement, the Consideration is expected to be RMB12 million. As such, the gain of the Disposal is estimated to be RMB125,936.93. Shareholders should note that the financial effect is shown for reference only and the amount of disposal gain eventually to be recognized in the consolidated accounts of the Company depends on the financial position of the Target Group as at Completion.

FUTURE BUSINESS OF THE GROUP

After the Disposal, there will be a reduction of 100,000 tonnes per year of copper smelting capacity for the Group. However, such reduction in capacity will not affect the remaining copper smelting operations of the Group. The future business of the Group will continue to focus on the mining, ore processing, smelting and refining of nickel, copper and other non-ferrous metals, which include cobalt and precious metals such as gold, silver, platinum and palladium.

USE OF PROCEEDS

The net proceed to be received by the Company from the Disposal will be applied towards the working capital of the Group.

REASONS FOR THE DISPOSAL

Since last decade, the emerging economies, especially the urbanization and industrialization of China, had promoted the rapid growth of global copper consumption. The overflow of mobility of global quantitative easing and expectation of market inflation, as well as the increases in the costs of copper mining, smelting and labour, had caused an upward trend of the market prices of copper in a fluctuation manner. The continuously high copper prices had stimulated the new construction, renovation and expansion of global copper mines since 2006. Wuxin Copper was then established in 2009 with designed copper smelting capacity of 100,000 tonnes per year and, after four years construction, started the trial operation of copper smelting in 2014 followed by full operation in 2015. However, the expansion of global copper mines projects since 2006 led to the surplus of global supply of copper concentrates since 2013. The surplus supply of copper caused copper prices to remain lackluster in the past three years. In 2015, copper prices dropped significantly, with the biggest drop of 27.5% in magnitude during the year, mainly due to the imbalance of supply and demand and other unfavorable factors such as strong US dollars. Wuxin Copper has therefore suffered significant operating losses in the years ended 31 December 2014 and 2015. To prevent the continuous loss suffered by Wuxin Copper to further impact the financial performance of the Group, the Board decided to dispose of Wuxin Copper. Nevertheless, the disposal of Wuxin Copper does not affect the existing copper smelting capacity of 13,000 tonnes per year of the Group.

In addition to the benefit of having better operating results for the Group, the Group will also benefit from the better debt to asset ratios after the Disposal which is a relief from further financial burden.

Below is a table illustrating the debt to asset ratios of the Group with and without the Target Company in 2014 and 2015, based on the unaudited consolidated management accounts of the Group:

	With Target Company		**Without Target Company**	
	2014	**2015**	2014	**2015**
Debt to Total Assets Ratios	37.1%	**40.7%**	24.0%	**32.0%**

In view of the above, the Directors (excluding the independent non-executive Directors whose views will be given after taking into account the advice from Independent Financial Adviser) consider that the Disposal is fair and reasonable and on normal commercial terms and that the entering into of the Equity Transfer Agreement is in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

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To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, save for the Purchaser and its close associates who are required to abstain from voting on the resolutions to be proposed at the EGM, no other Shareholder or any of its close associates has any material interest in the Equity Transfer Agreement and the transactions contemplated thereunder, and no other Shareholder is required to abstain from voting on the resolutions to be proposed at the EGM.

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DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

"associates"	has the meaning ascribed to it under the Listing Rules
"Board"	the board of Directors
"Company"	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 PRC with limited liability, the H Shares of which are listed on the Stock Exchange
"Completion"	completion of the sale and purchase of the Subject Interest pursuant to the terms of the Equity Transfer Agreement
"controlling shareholder"	has the meaning ascribed to it under the Listing Rules
"connected person"	has the meaning ascribed to it under the Listing Rules
"Consideration"	the total consideration to be determined according to the Equity Transfer Agreement and payable by the Purchaser to the Company for the Disposal under the Equity Transfer Agreement
"Directors"	directors of the Company
"Disposal"	the disposal of the Subject Interest by the Company to the Purchaser pursuant to the Equity Transfer Agreement
"EGM"	the extraordinary general meeting of the Company to be held for the approval of the Equity Transfer Agreement and the transactions contemplated thereunder
"Group"	the Company and its subsidiaries
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC

"Independent Board Committee"	the committee of Directors consisting of Mr. Chen Jianguo, Mr. Wang Lijin and Mr. Li Wing Sum Steven, being all the independent non-executive Directors, formed to advise the Independent Shareholders in respect of the terms of the Equity Transfer Agreement
"Independent Financial Adviser"	the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Equity Transfer Agreement and the transactions contemplated thereunder
"Independent Shareholders"	in respect of the transactions contemplated by the Equity Transfer Agreement, the Shareholders other than the Purchaser and its close associates
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"PRC"	the People's Republic of China (for the purpose of this Announcement, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC)
"Purchaser"	Xinjiang Non-ferrous Metal Industry (Group) Ltd.* (新疆有色金屬工業(集團)有限責任公司), a wholly state-owned enterprise with limited liability and incorporated in the PRC, being one of the promoters and the controlling shareholder of the Company
"RMB"	Renminbi, the lawful currency of the PRC
"Subject Interest"	66% equity interest in the Target Company owned by the Company as at the date of this announcement
"Shareholders"	shareholders of the Company
"Shares"	shares of the Company
"Equity Transfer Agreement"	the equity transfer agreement dated 28 March 2016 entered into among the Company, the Purchaser and the Target Company in respect of the Disposal
"Stock Exchange"	The Stock Exchange of Hong Kong Limited

"subsidiary"	has the meaning ascribed to it under section 2 of the Companies Ordinance (Chapter 32, Laws of Hong Kong)
"Target Company" or "Wuxin Copper"	Xinjiang Wuxin Copper Industry Co., Ltd.* (新疆五鑫銅業有限責任公司), a limited liability company incorporated in the PRC
"US"	United States of America
"%"	per cent

By order of the Board
Xinjiang Xinxin Mining Industry Co., Ltd.*
Zhang Junjie, Lam Cheuk Fai
Joint Company Secretaries

Xinjiang, the PRC, 29 March 2016

As at the date of this announcement, the executive Directors are Mr. Guo Quan and Mr. Lu Xiaoping; the non-executive Directors are Mr. Guo Haitang, Mr. Shi Wenfeng, 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*