Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

2018 FINAL RESULTS ANNOUNCEMENT

FINANCIAL HIGHLIGHTS

- Revenue was RMB1,750.0 million, an increase of 26.3% as compared to RMB1,385.6 million in 2017.
- Comprehensive loss attributable to shareholders of the Company was RMB54.2 million, as compared to the comprehensive loss attributable to shareholders of the Company of RMB81.6 million in 2017.
- Basic loss per share was RMB0.025 as compared to basic loss per share of RMB0.037 in 2017.
- The Board does not recommend any payment of final dividend, which is the same as in 2017.

The board of directors (the "**Board**") of Xinjiang Xinxin Mining Industry Co., Ltd.* (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2018 (the "**Reporting Year**").

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2018

	Notes	2018 RMB'000	2017 RMB'000
Revenue	3	**1,749,978**	1,385,642
Less: Cost of sales	3	**(1,439,539)**	(1,187,983)
Taxes and surcharges		**(38,716)**	(29,794)
Selling and distribution expenses		**(31,962)**	(26,124)
General and administrative expenses		**(102,253)**	(104,454)
Financial expenses – net	5	**(133,494)**	(120,665)
Assets impairment losses	4(c)	**(1,433)**	(9,623)
Credit impairment losses	4(d)	**(123)**	–
Losses on the changes in fair value	4(e)	**(895)**	(2,896)
Add: Investment income	4(f)	**19,269**	8,003
Including: Share of gain/(loss) of joint-venture		**5,158**	(2,658)
Other income		**5,022**	5,254
Gains on disposals of assets		**10**	90
Operating profit/(loss)		**25,865**	(82,550)
Add: Non-operating income	4(a)	**1,529**	1,276
Less: Non-operating expenses	4(b)	**(162,932)**	(5,408)
Total loss	4	**(135,538)**	(86,682)
Less: Income tax expenses	6	**1,405**	3,822
Net loss		**(134,133)**	(82,860)
Classified by continuity			
Net loss from continuing operations		**(134,133)**	(82,860)
Net loss from discontinued operations		**–**	–
Classified by ownership of the equity			
Net loss attributable to shareholders of the Company		**(54,194)**	(81,587)
Net loss attributable to non-controlling interests		**(79,939)**	(1,273)

	Notes	**2018**	2017
		RMB'000	*RMB'000*
Net amount of other comprehensive income (after tax)		**–**	–
Total comprehensive loss		**(134,133)**	(82,860)
Total comprehensive loss attributable to the Company		**(54,194)**	(81,587)
Total comprehensive loss attributable to non-controlling interests		**(79,939)**	(1,273)
Loss per share			
Basic loss per share *(RMB)*	7	**(0.025)**	(0.037)
Diluted loss per share *(RMB)*	7	**(0.025)**	(0.037)

CONSOLIDATED BALANCE SHEET
As at 31 December 2018

	Notes	**31 December 2018 RMB'000**	31 December 2017 RMB'000
ASSETS			
Current assets			
Cash at bank and on hand		**570,015**	416,682
Financial assets held for trading		**186,500**	–
Notes receivable and accounts receivable	9	**265,085**	205,836
Advances to suppliers		**60,976**	23,520
Other receivables		**39,147**	100,665
Inventories		**1,316,417**	1,428,791
Other current assets		**248,439**	143,428
Total current assets		**2,686,579**	2,318,922
Non-current assets			
Long-term equity investments		**145,069**	144,504
Fixed assets		**2,792,157**	2,949,828
Construction in progress		**1,369,134**	1,245,440
Intangible assets		**714,077**	944,699
Goodwill		**27,833**	28,087
Long-term prepaid expenses		**–**	9
Deferred tax assets		**128,659**	132,627
Other non-current assets		**38,511**	15,800
Total non-current assets		**5,215,440**	5,460,994
TOTAL ASSETS		**7,902,019**	7,779,916

	Notes	31 December 2018 RMB'000	31 December 2017 RMB'000
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Short-term borrowings		**1,240,000**	770,000
Financial liabilities at fair value through profit or loss		**–**	183,556
Notes payable and accounts payable	10	**549,907**	550,150
Contract liabilities		**22,054**	–
Advances from customers		**–**	26,495
Employee benefits payable		**61,928**	64,444
Taxes payable		**9,275**	19,350
Other payables		**198,441**	222,472
Current portion of non-current liabilities		**580,209**	840,000
Provisions	11	**161,559**	–
Total current liabilities		**2,823,373**	2,676,467
Non-current liabilities			
Long-term borrowings		**655,000**	35,000
Long-term payable		**13,194**	13,194
Provisions		**9,077**	8,654
Deferred income		**30,872**	33,078
Deferred income tax liabilities		**142,349**	148,295
Other non-current liabilities		**–**	502,709
Total non-current liabilities		**850,492**	740,930
Total liabilities		**3,673,865**	3,417,397

	Notes	**31 December 2018** *RMB'000*	31 December 2017 RMB'000
Owners' equity			
Share capital		**552,500**	552,500
Capital surplus		**4,258,570**	4,258,570
Specific reserve		**–**	232
Surplus reserve		**249,626**	249,626
Accumulated losses		**(827,166)**	(772,972)
Total equity attributable to shareholders of the Company		**4,233,530**	4,287,956
Non-controlling interests		**(5,376)**	74,563
Total owners' equity		**4,228,154**	4,362,519
TOTAL LIABILITIES AND OWNERS' EQUITY		**7,902,019**	7,779,916

NOTES TO CONSOLIDATED FINANCIAL INFORMATION
For the year ended 31 December 2018

1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

For the year ended 31 December 2018, the Group's net losses were RMB134,133 thousand, which includes the provisions of RMB161,559 thousand (note 11) for litigations involving Shaanxi Xinxin Mining Co., Ltd. ("**Shaanxi Xinxin**"), a subsidiary of the Company. The operation cash inflow were RMB261,935 thousand; and the Group's net current liabilities were RMB136,794 thousand at 31 December 2018. The Board believes that the Group will generate sufficient cash inflow from future operating cash inflow, the use of current banking facility and the renewal of existing loans to enable its going concern, therefore the consolidated financial statements are prepared on a going concern basis.

The new Hong Kong Companies Ordinance went into effect on 3 March 2014. Some of the relevant issues in the financial statements have been disclosed according to the requirements of Hong Kong Companies Ordinance.

Significant changes in accounting policies

In 2017, the Ministry of Finance released the modified "*Accounting Standard for Business Enterprises No. 14 – Revenue*" (hereafter the "**New Revenue Standard**"), and modified "*Accounting Standard for Business Enterprises No. 22 -Financial Instruments: Recognition and Measurement*", "*Accounting Standard for Business Enterprises No. 23 – Transfer of Financial Assets*" and "*Accounting Standard for Business Enterprises No. 37 – Presentation and Disclosures of Financial Instruments*" (collectively referred to as "**New Financial Instruments Standards**"). In 2018, the Ministry of Finance released the "Circular on Amendments to Formats of Financial Statements of General Industry for the Year 2018" (Cai Kuai [2018] 15) and its interpretation. The financial statements for 2018 are prepared in accordance with the above standards and circular, and impacts on the financial statements of the Group and the Company are as follows:

(a) General Industry Formates Amendment

(i) Impact on the consolidated balance sheet and income statement as follow:

The nature and the reasons of the changes in accounting policies	The line items affected	The amounts affected 31 December 2017 *RMB'000*	 1 January 2017 *RMB'000*
The Group incorporates notes receivable and accounts receivable into one account.	Accounts receivable	(105,475)	(190,673)
	Notes receivable	(100,361)	(112,130)
	Notes receivable and accounts receivable	205,836	302,803
The Group incorporates interest receivable, dividend receivable and other receivables into other receivables.	Interest receivable	(212)	–
	Other receivables	212	–
The Group incorporates construction in process and engineering materials into construction in process.	Construction in process	644	643
	Engineering Materials	(644)	(643)
The Group incorporates notes payable and accounts payable into one account.	Accounts payable	(271,750)	(302,861)
	Notes payable	(278,400)	(101,250)
	Notes payable and account payable	550,150	404,111
The Group incorporates interest payable, dividend payable and other payables into other payables.	Interest payable	(8,292)	(40,943)
	Other payables	8,292	40,943
The Group incorporates long-term payables and Payables for specific projects into long-term payables.	Long-term payables	13,194	–
	Payables for specific projects	(13,194)	–

(ii) Impact on the company balance sheet and income sheet as follow:

The nature and the reasons of the changes in accounting policies	The line items affected	The amounts affected 31 December 2017 *RMB'000*	1 January 2017 *RMB'000*
The Company incorporates notes receivable and accounts receivable into one account.	Accounts receivable	(81,512)	(190,329)
	Notes receivable	(78,976)	(73,777)
	Notes receivable and accounts receivable	160,488	264,106
The Company incorporates interest receivable dividend receivable and other receivables into other receivables.	Interest receivable	(6,413)	(5,382)
	Other receivables	6,413	5,382
The Company incorporates construction in process and engineering materials into construction in process.	Construction in progress	18	16
	Engineering material	(18)	(16)
The Company incorporates notes payable and accounts payable into one account.	Notes payable	(278,400)	(93,200)
	Accounts payable	(65,903)	(207,394)
	Notes payable and accounts payable	344,303	300,594
The Company incorporates interest payable, dividend payable and other payables into other payables.	Interest payable	(6,789)	(39,061)
	Other payables	6,789	39,061

The nature and the reasons of the changes in accounting policies	The line items affected	The amounts affected 2017 *RMB'000*
The Company reclassifies the interest income of consignment loans from financial expenses into investment income.	Financial expenses	(59,789)
	Investment income	59,789

(b) Revenue

According to the relevant provisions of the New Revenue Standard, the New Revenue Standard should be implemented since 1 January 2018. The New Revenue Standard does not have a significant impact on the owners equity of the Group's consolidated financial statements. The Group and the Company's first implementation of the New Revenue Standard affects other related items in the financial statements as follows, and the comparative financial statements for 2017 has not been restated.

The nature and the reasons of the changes in accounting policies	**The line items affected**	**The amounts affected 1 January 2018**	
		Consolidated	**Company**
		RMB'000	*RMB'000*
Due to the implementation of the New Revenue Standard, the Group and the Company reclassifies incorporates advances from customers into contract liability and the 2017 comparative financial statements were not restated.	Contract liability	26,495	4,043
	Advances from customers	(26,495)	(4,043)

Compared with the original Revenue Standard, implementing the New Revenue Standard affects related items in the financial statements for 2018 as follows:

The line items affected	**The amounts affected 31 December 2018**	
	Consolidated	**Company**
	RMB'000	*RMB'000*
Contract liability	**22,054**	**3,759**
Advances from customers	**(22,054)**	**(3,759)**

(c) Financial instruments

According to the New Financial Instruments Standards, the Group and the Company adjusted the opening retained earnings of 2018 and other related items in the financial statements for the cumulative impact of the first implementation of the said standard. The comparative financial statements for 2017 has not been restated.

(i) On 1 January 2018, the results of financial assets were categorized and measured in accordance with the rules of the original financial instruments standards and the New Financial Instruments Standards comparatively. The adjustments are listed below:

Original financial instruments standards			New Financial Instruments Standards		
Line items	**Measurement category**	**Carrying value** *RMB'000*	**Line items**	**Measurement category**	**Carrying value** *RMB'000*
Cash at bank and on hand	At amortization costs	416,682	Cash at bank and on hand	At amortization costs	416,682
			Financial asset held for trading	At fair value and through profit and loss	–
Notes receivable & account receivable	At amortization costs	205,836	Notes receivable & account receivable	At amortization costs	205,836
			Other current assets	At fair value and other comprehensive incomes	–
Other receivables	At amortization costs	100,665	Other receivables	At amortization costs	100,665
Available-for-sale financial assets	Financial assets measured at fair value and through other comprehensive income	105,620	Financial asset held for trading	At fair value and through profit and loss	105,620

(ii) *On 1 January 2018, the book value of the original financial assets was adjusted into the book value of the New Financial Instruments Standards under the measurement category of the New Financial Instruments Standards:*

Measurement categories under the New Financial Instruments Standards	Note
Financial assets measured at fair value and through profit and loss	Table 1
Financial assets measured at fair value and through other comprehensive income	Table 2

Table 1. Financial assets measured at fair value through profit and loss under the New Financial Instruments Standards

		Book value	
	Note	**Consolidated**	**Company**
		RMB'000	*RMB'000*
Financial assets held for trading (including other non-current financial assets)			
31 December 2017		–	–
Add: Available-for-sale financial assets (original Financial Instruments Standards)	i)	105,620	95,960
1 January 2018		105,620	95,960
Total of financial assets measured at fair value through profit and loss (New Financial Instruments Standards)		105,620	95,960

Table 2. Financial assets measured at fair value through other comprehensive income under the New Financial Instruments Standards

	Note	Book Value Consolidated *RMB'000*	Company *RMB'000*
Available-for-sale financial assets			
31 December 2017		105,620	95,960
Less: Reclassified into financial assets measured at fair value through profit and loss of fair value (New Financial Instruments Standards)	i)	105,620	95,960
1 January 2018		–	–
Total of financial assets measured at fair value through other comprehensive income (New Financial Instruments Standards)		–	–

i) On 31 December, 2017, the book value of non-guaranteed and floating-earning financial products that the Group held were RMB105,620 thousand. After the Group's adoption of the New Financial Instruments Standards, the contractual cash flow characteristics of the financial products are not in line with the basic lending arrangements. Therefore, on 1 January 2018, the Group reclassified the financial products to financial assets measured at fair value through profit and loss, presented as financial assets held for trading.

Save 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 2017.

2 SEGMENT INFORMATION

The Group is mainly engaged in the mining, ore processing, smelting, refining of copper and nickel, and the processing and sales of copper, nickel and other non-ferrous metal products. Based on the Group's internal organisational structure, management requirements, internal reporting policies, and the 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 2018 and 2017, the Group's sales were conducted in China and the Group's assets and liabilities were in China.

For the Reporting Year, revenue of the top three customers of the Group accounted for 35%, 17% and 8% of the total revenue of the Group, respectively (2017: 41%, 13% and 6%).

3 REVENUE AND COST OF SALES

Revenue and cost of sales recognised during each of the years ended 31 December 2018 and 2017 are analysed as follows:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Revenue from principal businesses		
Nickel cathode	**1,179,394**	768,722
Copper cathode	**412,488**	305,698
Others	**143,730**	290,225
	1,735,612	1,364,645
Revenue from other operation	**14,366**	20,997
	1,749,978	1,385,642
Cost of sales from principal businesses		
Nickel cathode	**957,103**	753,713
Copper cathode	**384,036**	231,108
Others	**92,933**	196,035
	1,434,072	1,180,856
Cost of sales from other operation	**5,467**	7,127
	1,439,539	1,187,983

4 TOTAL LOSS

Total loss has been arrived at after charging/(crediting) the following:

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Depreciation	**201,537**	198,165
Provision *(Note (b), (11))*	**161,559**	–
Amortisation of intangible assets	**22,383**	18,000
Directors' remuneration	**1,238**	1,096
Government grants *(Note (a))*	**(5,233)**	(5,464)
Gains on disposal of assets	**(10)**	(90)
Donations *(Note (b))*	**407**	100
Losses on disposal of fixed assets *(Note (b))*	**101**	2,047
Assets impairment losses *(Note (c))*	**1,433**	9,623
Credit impairment losses *(Note (d))*	**123**	–
Losses on the changes in fair value *(Note (e))*	**895**	2,896
Investment income *(Note f))*	**(19,269)**	(8,003)
Auditors' remuneration	**2,120**	2,020
Including: non-audit service fees	**–**	–

(a) The government grants of RMB5,023 thousand were recorded in "other income", and amount of RMB210 thousand were recorded in "non-operating income".

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

(c) Assets impairment losses

Provision for decline in value of inventories	**1,178**	7,468
Reversal of provision for decline in value of inventories	**–**	(2,837)
Provision for bad debts for accounts receivable and other receivables	**–**	4,992
Provision for decline in value of goodwill	**255**	–
	1,433	9,623

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
(d) Credit impairment losses		
Losses of bad debts for notes receivable and accounts receivable	**123**	–
(e) Losses on the changes in fair value		
Losses on changes in fair value of the gold lease and the corresponding futures contract	**895**	2,896
(f) Investment income		
Net profit/(losses) from a joint-venture under equity method	**5,158**	(2,657)
Unrealised net profit between the joint-venture and the Group	**(4,592)**	(3,641)
Investment income from disposal of financial assets	**18,703**	14,301
	19,269	8,003

Investment income were all from non-listed investments.

5 FINANCIAL EXPENSES – NET

	2018	2017
	RMB'000	*RMB'000*
Interest expense	**145,447**	134,649
Less: Capitalised interest	**(12,781)**	(18,285)
Interest expense	**132,666**	116,364
Interest income	**(4,444)**	(1,416)
Unwinding of discount – net	**424**	404
Bank charges	**4,848**	5,313
	133,494	120,665

6 INCOME TAX EXPENSES

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Current income tax	**573**	39
Deferred income tax	**(1,978)**	(3,861)
	1,405	(3,822)

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

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

(a) According to the 'Circular on Enterprise Income Tax Policy concerning Deductions for Equipment and Appliances'(Cai Shui [2018] No.45) and relevant standards announced by the State Administration of Taxation, during the period from 1 January 2018 to 31 December 2020, newly purchased equipments of less than RMB5 million can be included in the current costs in the next month when the assets are put into use. The costs can be deducted from taxable income of current year at one time, instead of being included in annual depreciation.

(b) On 6 April 2012, the State Administration of Taxation announced about carrying out the Western Development Strategy on the issue of corporate income tax, and the Company has obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and Information of Xinjiang Uygur Autonomous Region. The Company calculated and paid corporate income tax using the preferential rate of 15% for the year 2018 after communication with local tax authorities (2017: 15%).

(c) The applicable income tax rate of Shanghai sales branch of the Company was 25% in 2018 (2017: 25%).

(d) The subsidiary, Xinjiang Yakesi Resource Development Co., Ltd. (hereafter "**Xinjiang Yakesi**") has obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and Information of Xinjiang Uygur Autonomous Region. Xinjiang Yakesi calculated and paid corporate income tax using the preferential rate of 15% for the year 2018 after communication with local tax authorities (2017: 15%).

(e) The subsidiary, Hami Jubao Resource Development Co., Ltd. (hereafter "**Hami Jubao**") has obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and Information of Xinjiang Uygur Autonomous Region. Hami Jubao calculated and paid corporate income tax using the preferential rate of 15% for the year 2018 after communication with local tax authorities (2017: 15%).

(f) The subsidiary, Xinjiang Kalatongke Mining Industry Co., Ltd. (hereafter "**Kalatongke Mining**") has obtained the recognition that its business is within the catalogue of encouraged industries from the Committee of Economics and Information of Xinjiang Uygur Autonomous Region. Kalatongke Mining calculated and paid corporate income tax using the preferential rate of 15% for the year 2018 after communication with local tax authorities (2017: 15%).

(g) The subsidiary, Xinjiang Mengxi Mining Co., Ltd. (hereafter "**Mengxi Mining**"), applied the Small-Scaled Minimal Profit Enterprise income tax preferential policy announced by the State Administration of Taxation. Mengxi Mining paid corporate income tax for the preferential taxable income using the preferential rate of 20% for the year 2018 (2017: 20%).

(h) Other subsidiaries, including Xinjiang Zhongxin Mining Industry Co., Ltd. (hereafter "**Zhongxin Mining**"), Beijing Xinding Shunze High Technology Co., Ltd. (hereafter "**Beijing Xinding**") and Shaanxi Xinxin, are subject to corporate income tax rate of 25% in 2018 (2017: 25%).

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

	Year ended 31 December	
	2018	2017
	RMB'000	*RMB'000*
Consolidated total loss	**(135,538)**	(86,682)
Income tax expenses calculated at applicable tax rate of 25%	**(33,885)**	(21,671)
Effect of tax reductions	**(4,795)**	2,219
Income not subject to tax	**(873)**	(60)
Expenses not deductible for tax purposes	**29,347**	3,346
Deductible temporary differences and deductible losses for which no deferred tax assets were recognised	**8,264**	12,342
Clearance differences in respect of prior years	**537**	2
Income tax expenses	**1,405**	(3,822)

7 LOSS PER SHARE

	Year ended 31 December	
	2018	2017
Consolidated net loss attributable to shareholders of the Company *(RMB'000)*	**(54,194)**	(81,587)
Weighted average number of ordinary shares in issue of the Company *(in thousand)*	**2,210,000**	2,210,000
Basic and diluted loss per share *(RMB)*	**(0.025)**	(0.037)

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

8 PROPOSED FINAL DIVIDENDS

The Board does not recommend any payment of final dividend by the Company for the Reporting Year and such proposal will be subject to the approval by the shareholders of the Company at the annual general meeting of the Company to be held on 24 May 2019 ("**AGM**").

	Year ended 31 December	
	2018	2017
Proposed final dividend	**Nil**	Nil

9 NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Notes receivable *(Note (a))*	**30,889**	100,361
Accounts receivable *(Note (b), (c))*	**238,090**	109,246
Less: provision for bad debts *(Note (d))*	**(3,894)**	(3,771)
	234,196	105,475
	265,085	205,836

Notes:

(a) All the notes receivable are bank acceptance notes which will be matured within 180 days.

As at 31 December 2018 and 31 December 2017, there were no notes receivable pledged as collateral.

(b) Accounts receivable by categories are analysed as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Accounts receivable		
– Related parties	**29,510**	42,073
– Third parties	**208,580**	67,173
Accounts receivable, gross	**238,090**	109,246

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

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within one year	**212,001**	69,429
One to two years	**2,272**	11,463
Two to three years	**11,463**	18,935
Three to four years	**5,336**	5,639
Four to five years	**3,238**	74
Over five years	**3,780**	3,706
	238,090	109,246

(c) The Group conducted sales transactions mainly through cash on delivery, cash receipts in advance or bank acceptance notes. For other sales transactions, credit terms were granted not exceeding 180 days.

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

	2018	2017
	RMB'000	*RMB'000*
At 1 January	**3,771**	3,763
Provision for bad debts	**123**	8
Reversal of provision for bad debts	**–**	–
At 31 December	**3,894**	3,771

The provision and reversal thereof for bad debts of accounts receivable have been included in "credit impairment losses" in the consolidated income statement.

(e) As at 31 December 2018 and 31 December 2017, there is no accounts receivable pledged as collaterals to bank for borrowings.

10 NOTES PAYABLE AND ACCOUNTS PAYABLE

Notes payable

	2018	2017
	RMB'000	*RMB'000*
Bank acceptance notes	**216,612**	178,400
Letter of credit payables	**100,000**	100,000
	316,612	278,400

As at 31 December 2018 and 31 December 2017, all bank acceptance notes were due within 180 days, letter of credit payables were due within 360 days.

Accounts payable

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Payable for purchase of materials	**197,912**	198,825
Payable for purchase of services	**22,832**	57,240
Payable for transportation fees	**10,890**	13,774
Others	**1,661**	1,911
	233,295	271,750
	549,907	550,150

(a) As at 31 December 2018, accounts payable over one year of RMB29,092 thousand (31 December 2017: RMB33,362 thousand) were mainly payables for purchase of materials.

(b) Ageing analysis of accounts payable based on their recording dates is as follows:

	As at 31 December	
	2018	2017
	RMB'000	*RMB'000*
Within three months	**154,339**	186,303
Three to six months	**34,008**	33,855
Over six months	**44,948**	51,592
	233,295	271,750

11 PROVISION

	2018	2017
	RMB'000	*RMB'000*
At January 1	**–**	–
Additions – Pending litigation	**161,559**	–
Deductions	**–**	–
At 31 December	**161,559**	–

During the period from year 2014 to 2016, Shaanxi Mingtai Engineering Construction Co., Ltd. ("**Shaanxi Mingtai**"), a minority shareholder of Shaanxi Xinxin Mining Co., Ltd. ("**Shaanxi Xinxin**") which is a subsidiary of the Group, obtained four bank loans aggregately amounting to RMB330 million and issued SME bonds amounting to RMB400 million, which were guaranteed by Xi An Investment Holding Co., Ltd. ("**Xi An Investment**"). Shaanxi Xinxin provided an unauthorised counter-guarantee in respect of the loans and bonds to Xi An Investment under an asset disposal entrustment agreement. In 2018, as Shaanxi Mingtai was unable to repay the four loans, bonds and related interest when they fell due, Xi An Investment repaid the loans, bonds and related interest on behalf of Shaanxi Mingtai. Shaanxi Xinxin and the other respective counter-guarantors under the four loans are jointly and severally liable to Xi An Investment's claim in respect of the RMB330 million of bank loan according to the court judgments. Xi An Investment's claim in respect of the repayment of the RMB400 million of SME bonds is still in progress. No judgment in respect of the claim has been handed down by the court. As of 31 December 2018, the Group provided a provision of RMB161 million based on the reliable estimate made of the amount of the obligation and all the non-current assets of Shaanxi Xinxin were reclassified to the other current assets.

12 NET CURRENT LIABILITIES

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
Current assets	**2,686,579**	2,318,922
Less: Current liabilities	**(2,823,373)**	(2,676,467)
Net current liabilities	**(136,794)**	(357,545)

13 TOTAL ASSETS LESS CURRENT LIABILITIES

	31 December 2018	31 December 2017
	RMB'000	*RMB'000*
Total assets	**7,902,019**	7,779,916
Less: Current liabilities	**(2,823,373)**	(2,676,467)
Total assets less current liabilities	**5,078,646**	5,103,449

MARKET OVERVIEW

In 2018, the average three-month future price of nickel cathode in London Metal Exchange was US$13,182 per tonne, representing an increase of 26.0% as compared to that in 2017, and the average three-month future price of copper cathode was US$6,548 per tonne, representing an increase of 5.7% as compared to that in 2017.

In 2018, the average spot price (including tax) of nickel cathode in Shanghai Yangtze River Non-ferrous Metals Spot Market was RMB104,860 per tonne, representing an increase of 22.4% as compared to that in 2017, and the average spot price (including tax) of copper cathode was RMB50,654 per tonne, representing an increase of 3.0% as compared to that in 2017.

The domestic price trends of nickel cathode and copper cathode were generally in line with the international market in 2018.

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 in 2018 amounted to 180,000 tonnes, representing an increase of 6.4% as compared to that in 2017. With an output of 10,127 tonnes of nickel cathode in 2018, the Group remains the second largest domestic manufacturer of nickel cathode produced with nickel sulfide resources.

BUSINESS REVIEW

Production and Operation

In 2018, in order to cope with the adverse impact on enterprises caused by the relatively lower prices of nickel cathode in both international and domestic markets and the rising procurement prices of raw materials, and according to the relevant requirements of the State and Xinjiang government regarding production safety and environmental protection improvement, the Group took a series of measures to lower product costs and expenditures as well as improve overall operation efficiency of the Company. Such measures included upgrading and renovating the production safety facilities, environmental protection facilities and major production processes, enhancing the Party Building work and other management fundamentals for the enterprise, adjusting internal operation structure, optimizing the technical and economic indicators of production processes, strictly controlling non-production expenditures, improving technological renovation and capacity expansion projects as well as fulfilling planned production volume and attaining stated targets through performing the craftsmanship adjustment and testing and commissioning as soon as possible. In the meantime, the Group intensified analysis and research of products market, and adopted the marketing strategies of pricing sales combining spot and futures, which in turn achieved the goal to realize the sales of major products of the Group with a relatively higher market price and enhance the economic efficiency.

In 2018, the Group recorded a total nickel cathode output of 10,127 tonnes, representing an increase of 1.0% as compared to that in 2017; and a total copper cathode output of 8,533 tonnes, representing an increase of 6.4% as compared to that in 2017. In 2018, the Group overcame the impact caused by storm and flood hazards in Hami district, meticulously organised production and explored internal potentials, while continuing to conduct production safety governance and environmental protection facilities management properly according to the relevant requirements of the State and Xinjiang government regarding production safety and environmental protection improvement, resulting in an increase in the production volume of major products, such as nickel cathode and copper cathodes, as compared to that in 2017.

In 2018, the Group recorded total nickel cathode sales of 12,305 tonnes, representing an increase of 22.9% as compared to that in 2017. Total copper cathode sales was 9,709 tonnes, representing an increase of 32.2% as compared to that in 2017.

In 2018, the Group recorded an average selling price of nickel cathode (tax exclusive) of RMB95,844 per tonne, representing an increase of 24.9% as compared to that in 2017. The average selling price of copper cathode (tax exclusive) amounted to RMB42,487 per tonne in 2018, representing an increase of 2.1% as compared to that in 2017.

In 2018, the Group recorded an average cost of sales of nickel cathode of RMB77,779 per tonne, representing an increase of 3.3% as compared to that in 2017. The average cost of sales of copper cathode amounted to RMB39,556 per tonne in 2018, representing an increase of 25.7% as compared to that in 2017.

In 2018, the Group achieved a revenue of RMB1,750.0 million, representing an increase of 26.3% as compared to that in 2017, and a net loss of RMB134.1 million, as compared to a net loss of RMB82.9 million in 2017, a comprehensive loss attributable to shareholders of the Company amounted to RMB54.2 million, as compared to a comprehensive loss attributable to shareholders of the Company of RMB81.6 million in 2017, and loss per share (basic and diluted) of RMB0.025 as compared to loss per share (basic and diluted) of RMB0.037 in 2017.

Sales: In 2018, the Group achieved revenue from principal businesses of RMB1,735.6 million in total, which comprised RMB1,179.4 million of sales revenue from nickel cathode, accounting for 67.9% of the revenue from principal businesses of the Group; RMB412.5 million of sales revenue from copper cathode, accounting for 23.8% of the revenue from principal businesses of the Group; and RMB143.7 million of sales revenue from other products (including copper concentrate, electrolytic cobalt, gold, silver, platinum and palladium), representing 8.3% of the revenue from principal businesses of the Group.

For the year of 2018, the Group continued to conduct the construction of production safety governance and environmental protection facilities management according to the relevant requirements of the State and Xinjiang government regarding production safety and environmental protection improvement. In addition, the storm and flood disasters resulted in decrease in production and operating time. Save as disclosed above, in 2018, the overall production and operation of the Group were stable, with no other material operation difficulties or operational problems.

Progress of Technological Renovation and Capacity Expansion Projects and Infrastructure Projects

In 2018, the technological renovation and capacity expansion projects carried out by the Group mainly included: the technological renovation and capacity expansion project involving the enhancement of the mining, ore processing and smelting capacities and environmental protection improvement of Kalatongke Mining, the technological renovation and capacity expansion project of Fukang Refinery involving the enhancement of the auxiliary facilities to improve the refining capacities of nickel cathode and copper cathode and environmental protection improvement, and the technological renovation and capacity expansion project for the addition of the mining and ore processing capacities of Xinjiang Yakesi. The major technological renovation and capacity expansion projects of the Group proceeded smoothly as a whole in 2018 and the required progress of works was achieved on time during the Reporting Year. The investment on each technological renovation project is as follows:

In 2018, a total of RMB48.0 million was invested in the further enhancement of the technological renovation and capacity expansion project involving the daily mining capacity of 3,400 tonnes, daily ore processing capacity of 3,000 tonnes, annual production capacity of water hardening and nickel matte of 8,000 tonnes as well as environmental protection improvement of Kalatongke Mining.

In 2018, a total of RMB18.8 million was invested in the further enhancement of the technological renovation and capacity expansion project of Fukang Refinery involving the enhancement of the auxiliary facilities to improve the refining capacities of nickel cathode and copper cathode, as well as environmental protection improvement.

As for the technological renovation and capacity expansion project of Xinjiang Yakesi and Hami Jubao in relation to the addition of the daily mining and ore processing capacities of 4,000 tonnes, a total investment of RMB43.4 million was made in 2018.

EQUITY INVESTMENTS AND DISPOSAL

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

FINANCIAL REVIEW

Operating Results

In 2018, the revenue of the Group amounted to RMB1,750.0 million, representing an increase of 26.3% as compared to RMB1,385.6 million in 2017; the comprehensive loss of the Group amounted to RMB134.1 million, as compared to the comprehensive loss of the Group amounted to RMB82.9 million in 2017; the comprehensive loss attributable to shareholders of the Company amounting to RMB54.2 million, as compared to the comprehensive loss attributable to shareholders of the Company amounting to RMB81.6 million in 2017. The increase in the comprehensive loss of the Group for the year was solely attributable to the provision made in respect of the legal proceedings against Shaanxi Xinxin which amounted to approximately RMB161.6 million. The growth in 2018 operating results was primarily because the market price of the main products of the Group including nickel cathode, copper cathode and electrolytic cobalt recovered and increased in different degrees. Meanwhile, the Company took measures to reduce production costs and expenses and adopted the marketing strategies of pricing option combining spot and futures for the purpose of increasing the selling price of products, thereby enhancing the economic efficiency of the Company.

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 2018 and 31 December 2017:

Product Name	**For the year ended 31 December 2018** Sales volume	Amount	% to Revenue	For the year ended 31 December 2017 Sales volume	Amount	% to Revenue	Growth Rate in Amount
	Tonnes	*RMB'000*		*Tonnes*	*RMB'000*		+/(–)
Nickel cathode	**12,305**	**1,179,394**	**68.0%**	10,014	768,722	56.3%	53.4%
Copper cathode	**9,709**	**412,488**	**23.8%**	7,344	305,698	22.4%	34.9%
Copper concentrate	**9,743**	**92,386**	**5.3%**	8,687	78,121	5.7%	18.3%
Other products		**51,344**	**2.9%**		212,104	15.6%	(75.8%)
Of which:							
Electrolytic cobalt	**32**	**16,077**	**0.9%**	503	172,405	12.6%	(90.7%)
Total revenue from principal businesses		**1,735,612**	**100.0%**		1,364,645	100.0%	27.2%
Cost of sales from principal businesses		**(1,434,072)**	**82.6%**		(1,180,856)	86.5%	21.4%
Gross profit/Gross margin		**301,540**	**17.4%**		183,789	13.5%	

In 2018, the revenue of nickel cathode of the Group amounted to RMB1,179.4 million, representing an increase of 53.4% as compared to that in 2017, mainly attributable to the increase in the sales volume and selling price of nickel cathode. The average selling price of the Group's nickel cathode in 2018 amounted to RMB95,844 per tonne (tax exclusive), representing an increase of 24.9% as compared to RMB76,767 per tonne (tax exclusive) in 2017. In 2018, the Group's sales volume of nickel cathode was 12,305 tonnes, representing an increase of 22.9% as compared to 10,014 tonnes in 2017.

In 2018, the revenue of copper cathode of the Group amounted to RMB412.5 million, representing an increase of 34.9% as compared to that in 2017, mainly due to the increase in the sales volume and selling price of copper cathode. The average selling price of copper cathode of the Group in 2018 was RMB42,487 per tonne (tax exclusive), representing an increase of 2.1% as compared to RMB41,623 per tonne (tax exclusive) in 2017. The sales volume of copper cathode of the Group in 2018 was 9,709 tonnes, representing an increase of 32.2% as compared to 7,344 tonnes in 2017.

In 2018, the revenue of copper concentrate of the Group was RMB92.4 million, representing an increase of 18.3% as compared to that in 2017. The average selling price of copper concentrate of the Group in 2018 was RMB9,482 per tonne (tax exclusive), representing an increase of 5.4% as compared to RMB8,993 per tonne (tax exclusive) in 2017. The sales volume of copper concentrate of the Group in 2018 was 9,743 tonnes, representing an increase of 12.2% as compared to 8,687 tonnes in 2017.

In 2018, the revenue of other products of the Group amounted to RMB51.3 million, representing a decrease of 75.8% as compared to that in 2017, mainly attributable to the fact that the Group sold out the inventories of electrolytic cobalt brought forward from previous years, which caused a bigger sales base in 2017.

In 2018, the gross profit from the Group's principal businesses amounted to RMB301.5 million, representing an increase of RMB118.3 million as compared to the gross profit of RMB183.8 million in 2017. The gross profit margin was 17.4% in 2018, representing an increase of 3.9 percentage points as compared to the gross profit margin of 13.5% in 2017.

SELLING EXPENSES

In 2018, selling expenses incurred by the Group increased by 22.6% to RMB32.0 million, as compared to RMB26.1 million in 2017, mainly due to an increase in transportation costs of products arising from an increase in the sales volume of nickel cathode during the current year.

GENERAL AND ADMINISTRATIVE EXPENSES

In 2018, general and administrative expenses incurred by the Group slightly decreased by 2.1% to RMB102.3 million, as compared to RMB104.5 million in 2017.

FINANCE EXPENSES – NET

In 2018, net finance expense incurred by the Group amounted to RMB133.5 million, representing an increase in finance expense of RMB12.8 million as compared to RMB120.7 million of net finance expense in 2017, primarily because the Company borrowed more bank loans in advance for replacement of the medium-term notes due on 13 November 2018, resulting in the increase in financial expenses.

FINANCIAL POSITION

Shareholders' equity decreased from RMB4,362.5 million to RMB4,228.2 million in 2018, primarily due to the loss in 2018; total assets increased by 1.6% to RMB7,902 million.

In 2018, the net cash inflow generated from the Group's operating activities amounted to RMB261.9 million, representing a decrease in the inflow of RMB225.3 million, as compared to the net cash inflow of RMB487.2 million in 2017. The net cash outflow generated from investing activities was RMB112.4 million; the cash inflow from investing activities was mainly attributable to the sales of financial assets held for trading by the Group, and the cash outflow from investing activities was mainly attributable to the payments for the equipment and the construction costs of the Group's various technology renovation and capacity expansion projects and purchase of financial assets held for trading. The net cash outflow generated from financing activities amounted to RMB6.7 million; the cash inflow was mainly attributable to the bank loans and other interest-bearing borrowings received by the Group of RMB2,090.0 million, and the cash outflow was mainly attributable to the Group's repayment of bank loans and interest of RMB2,096.7 million.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, the Group had total cash and cash equivalents amounting to RMB489.2 million (2017: RMB346.3 million), and the total borrowings of the Group amounted to RMB2,475.2 million (2017: RMB2,331.3 million). As such, the net debts of the Group (total borrowings minus cash and cash equivalents) amounted to RMB1,986.0 million (2017: RMB1,985.0 million) and the gearing ratio (net debts divided by total capital*) was 31.96% (2017: 31.27%).

	As at 31 December 2018	As at 31 December 2017
Current ratio *(times)*	**1.0**	0.9
Gearing ratio *(net debts/total capital *)*	**31.96%**	31.27%

* Total Capital: net debts + total equity

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 revenue and the comprehensive income of the Group.

FOREIGN EXCHANGE RATE FLUCTUATIONS

The Company's businesses are conducted in RMB. The fluctuations of foreign exchange rate may impact the prices of the international and domestic non-ferrous products, and thus the operating results of the Group. RMB is not a freely convertible currency, and the rates of exchange between RMB and a basket of currencies may fluctuate. Given that the Chinese government may adopt further actions and measures against the free trade conducted in RMB, fluctuations in foreign exchange rate have an adverse effect on the Group's net assets, earnings and any dividend declared, which shall be converted or translated into Hong Kong dollars.

ENVIRONMENTAL RISK

The Chinese economy has shifted from a fast-growing period to a high-quality development phase where emphasis is placed on the optimisation of economic structure and transformation of development patterns. The government environmental supervision will increase the volatility of output of enterprises to some extent. The Group will continue to strengthen the upgrading of our major production processes to cater for the optimisation of domestic economic structure, changes in development patterns and the requirements of the State and Xinjiang government for production safety and improvement of environmental protection standards.

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 2018, the Group's interest-bearing debts were mainly floating rate borrowings and fixed rate borrowings denominated in RMB, which totaled RMB2,475.2 million (2017: RMB2,331.3 million). The Group has no interest rate swap arrangement.

CHARGE ON ASSETS

As at 31 December 2018, included in cash at bank and on hand of the Group was restricted cash at bank amounting to RMB80.8 million which was set aside as the security for issuing bank acceptance notes and other purposes. Save as disclosed above, the Group did not have any other charges or pledges over its assets as at 31 December 2018.

MAJOR LITIGATION OR ARBITRATION

Save as disclosed in Note (11) to Consolidated Financial Information – Provision regarding the court judgements in respect of the counter-guarantees for four bank loans and one legal proceeding pending court judgement, the Group has no other major litigation or arbitration as at the date of this report.

CONTINGENT LIABILITIES

The Company and the joint venture partner provided guarantees for the bank borrowing by Hexin Mining, in which the Company provided a corporate guarantee to the related lender of Hexin Mining in the amount of RMB85.7 million. Such corporate guarantee remained in force as at 31 December 2018. Save as disclosed above, the Group did not have any other material contingent liabilities as at 31 December 2018.

COMMITMENTS

(1) Capital commitments

As at 31 December 2018 and 31 December 2017, the Group had no capital expenditures commitments contracted for but not yet necessary to be recognised in the financial statements.

(2) Operating lease commitments

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

	31 December 2018 *RMB'000*	31 December 2017 *RMB'000*
Within one year	**818**	818
Between one and two years	**818**	–
Between two and three years	**818**	–
	2,454	818

EVENTS AFTER THE BALANCE SHEET DATE

As stated in Note (11) to the Consolidated Financial Information – Provision, Shaanxi Xinxin received four court judgements and had one legal proceeding which judgement was not handed down on the first hearing dated 15 March 2019. Based on the evidence available and the probable obligation of Shaanxi Xinxin in respect of the guarantees, the management of the Company has made a provision in respect of these legal proceedings in the amount of approximately RMB161.6 million in the consolidated financial statement to the year ended 31 December 2018.

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

OUTLOOK

Operating Environment

For the year of 2019, although there are many uncertainties affecting the recovery and development of global economy, the Chinese economy has shifted from a fast-growing period to a high-quality development phase where emphasis is placed on the optimisation of economic structure and transformation of development patterns, and will still maintain moderate and robust growth (the PRC government forecasts China's GDP growth rate target for the year of 2019 will be in a range from 6% to 6.5%). In this regard, the Group expects the consumption volume of nickel cathode and copper cathode in the domestic non-ferrous metal market will continue to increase in 2019.

Operational Objectives

For the year of 2019, the Group plans to produce 11,500 tonnes of nickel cathode and 11,590 tonnes of copper cathode. Please be cautioned that the above estimates are made on the basis of the current market situation and the existing conditions of the Group and are subject to a number of uncertainties in metal prices, domestic raw materials market and production environment. 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 Company has fully complied with all the code provisions under the CG Code in the financial year of 2018.

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 to all the Directors and Supervisors, all the Directors and Supervisors have complied with the required standards as set out in the Model Code for the Reporting Year.

AUDIT COMMITTEE

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

The Audit Committee holds meetings on a regular basis and convened two meetings during the Reporting Year. The average attendance rate was 100%. The 2018 audit plan and the 2018 interim results report of the Company were reviewed at the meetings. The Audit Committee has reviewed the annual results for the Reporting Year.

PUBLICATION OF THE RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Company's website at kunlun.wsfg.hk and the website of the Stock Exchange. The annual report of the Company will also be available at the Company's and the Stock Exchange's websites in early April 2019 and will be despatched to shareholders of the Company in early April 2019.

DIVIDEND

At the meeting of the Board held on 22 March 2019, the Board proposed no payment of final dividend for the Reporting Year to be made by the Company, which is subject to the approval of the Company's shareholders at the AGM.

CLOSURE OF REGISTER FOR AGM

The register of members of the Company will be closed from 24 April 2019 to 24 May 2019 (both days inclusive), during which time no share transfers will be registered. In order to be eligible to attend the 2018 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 23 April 2019.

By Order of the Board
Xinjiang Xinxin Mining Industry Co., Ltd.*
Zhang Guohua
Chairman

Xinjiang, the PRC, 22 March 2019

As at the date of this announcement, the executive Directors are Mr. Guo Quan and Mr. Liu Jun; the non-executive Directors are Mr. Zhang Guohua, Mr. Shi Wenfeng, Mr. Zhou Chuanyou and Mr. Hu Chengye; and the independent non-executive Directors are Mr. Hu Benyuan, Mr. Wang Lijin and Mr. Li Wing Sum Steven.

* *For identification purposes only*