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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)

**PROPOSED REVISION OF ANNUAL CAP FOR
EXISTING CONTINUING CONNECTED TRANSACTIONS
UNDER THE 2021 MUTUAL SUPPLY AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**



Crescendo Capital Limited

A letter from the Board of the Company is set out on pages 1 to 15 of this circular.

A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 16 to 17 of this circular. A letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 29 of this circular.

The Company will convene the EGM at 1:30 p.m. on Monday, 20 May 2024 at Conference Room, 6/F, No. 501, Fusion South Road, Cooperation Zone, Economic and Technological Development Zone, Urumqi, Xinjiang, the People's Republic of China. The notice convening the EGM is set out on pages 36 to 38 of this circular and the relevant notice of attendance and proxy form are enclosed with this circular. Shareholders who wish to attend the EGM are required to return the notice of attendance in accordance with the instructions printed thereon as soon as possible and in any event not later than 4:30 p.m. on Tuesday, 30 April 2024.

Completion and return of the proxy form shall not preclude you from attending and voting in person at the EGM or at any adjourned meetings should you so wish.

5 April 2024

* *For identification purposes only*

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DEFINITIONS

In this circular, unless otherwise indicated in the context, the following expressions have the meaning set out below:

“2021 Circular”	the circular dated 24 November 2021 of the Company in respect of, among other things, the continuing connected transactions under the 2021 Mutual Supply Agreement
“2021 December Announcement”	the announcement dated 28 December 2021 of the Company in respect of, among other things, the continuing connected transactions under the 2021 Mutual Supply Agreement
“2021 Mutual Supply Agreement”	the master mutual supply agreement dated 29 October 2021 entered into between the Company and Xinjiang Non-ferrous in respect of the mutual provision of the Construction Services, the Supporting and Ancillary Services and the Company’s Products, for details of which, please refer to the 2021 October Announcement
“2021 October Announcement”	the announcement dated 29 October 2021 of the Company in respect of, among other things, the continuing connected transactions under the 2021 Mutual Supply Agreement
“Associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board” or “Board of Directors”	the board of directors of the Company
“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
“Company’s Products”	nickel cathodes, copper cathodes, copper concentrates, self-produced precious metals, sulphuric acid, water, electricity and other ancillary materials provided/to be provided by the Company to the Xinjiang Non-ferrous Group under the 2021 Mutual Supply Agreement
“connected person”	has the meaning ascribed to it under the Listing Rules

DEFINITIONS

“Construction Services”	construction-related services, including project design, construction and facilities installation provided/to be provided by the Xinjiang Non-ferrous Group to the Company under the 2021 Mutual Supply Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	one or all of the director(s) of the Company
“Domestic Share(s)”	Ordinary Share(s) in the share capital of the Company, with a nominal value of RMB0.25 each, which are subscribed for and/or credited as paid up in RMB.
“EGM”	the extraordinary general meeting of the Company of 2024 to be held at 1:30 p.m. on Monday, 20 May 2024 at Conference Room, 6/F, No. 501, Fusion South Road, Cooperation Zone, Economic and Technological Development Zone, Urumqi, Xinjiang, the People’s Republic of China for the approval of the Revised 2024 Company’s Products Annual Cap, notice of which is set out on pages 36 to 38 of this circular
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company with a nominal value of RMB0.25 each subscribed for and traded in Hong Kong dollars and listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	an independent committee of the Board comprising the independent non-executive Directors, namely Mr. Hu Benyuan, Mr. Wang Qingming and Mr. Lee Tao Wai, to advise the Independent Shareholders in respect of the Revised 2024 Company’s Products Annual Cap
“Independent Financial Adviser” or “Crescendo Capital”	Crescendo Capital Limited, a corporation licensed to carry out type 6 regulated activities (advising on corporate finance) under the SFO, and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Revised 2024 Company’s Products Annual Cap

DEFINITIONS

“Independent Shareholders”	in respect of the Revised 2024 Company’s Products Annual Cap and the transactions contemplated under the 2021 Mutual Supply Agreement, Shareholders other than Xinjiang Non-ferrous and its Associates
“Independent Third Party(ies)”	third party independent of and not connected with the Company and its connected persons
“Latest Practicable Date”	27 March 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Original 2024 Company’s Products Annual Cap”	the original annual cap in respect of the Company’s Products fees payable by the Xinjiang Non-ferrous Group to the Group under the 2021 Mutual Supply Agreement for the year ending 31 December 2024
“PRC”	the People’s Republic of China (for the purpose of this circular, excluding Hong Kong, Taiwan and the Macau Special Administrative Region of the PRC)
“Revised 2024 Company’s Products Annual Cap”	the revised annual cap in respect of the Company’s Products fees payable by the Xinjiang Non-ferrous Group to the Group under the 2021 Mutual Supply Agreement for the year ending 31 December 2024
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) with a nominal value of RMB0.25 each in the share capital of the Company, including both the H Shares and the Domestic Shares
“Shareholder(s)”	holder(s) of the Shares in the register of members of the Company from time to time

DEFINITIONS

“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)
“Supporting and Ancillary Services”	services provided/to be provided by the Xinjiang Non-ferrous Group to the Group under the 2021 Mutual Supply Agreement which include: (i) production supplies, transportation and supporting services: supplemental production materials (including copper concentrates, chemical materials, coal, coke and product packaging materials) and work safety products; (ii) storage, transportation and loading services: warehousing services in Beijing for the sales and distribution of nickel cathodes to the Company’s end-customers in Beijing and its surrounding areas, Hebei province and the northeastern region of the PRC; transportation service for the delivery of materials including coke and coal; and (iii) other supporting and ancillary services: machinery repair and improvement; geological exploration in the mining areas
“Wuxin Copper”	Xinjiang Wuxin Copper Industry Company Limited* (新疆五鑫銅業有限責任公司), a limited liability company established in the PRC and non wholly-owned subsidiary of Xinjiang Non-ferrous
“Xinjiang Non-ferrous”	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
“Xinjiang Non-ferrous Group”	Xinjiang Non-ferrous and its subsidiaries excluding the Company, its subsidiaries and Associates
“%”	per cent

LETTER FROM THE BOARD



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)

Executive Director:

Mr. Qi Xinhui

Non-executive Directors:

Mr. Guo Quan

Mr. Zhou Chuanyou

Mr. Wang Lijian

Ms. Chen Yang

Mr. Hu Chengye

Independent Non-executive Directors:

Mr. Hu Benyuan

Mr. Wang Qingming

Mr. Lee Taowai

*Statutory address and principal place of
business in the PRC:*

No. 501, Fusion South Road,
Cooperation Zone, Economic and
Technological Development Zone,
Urumqi, Xinjiang

Registered office in Hong Kong:

9/F The Center
99 Queen's Road Central
Central, Hong Kong

5 April 2024

To the Shareholders

Dear Sir or Madam,

**PROPOSED REVISION OF ANNUAL CAP FOR
EXISTING CONTINUING CONNECTED TRANSACTIONS
UNDER THE 2021 MUTUAL SUPPLY AGREEMENT
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 29 February 2024 in relation to the proposed revision of annual cap for the Company's Products under the 2021 Mutual Supply Agreement.

* *For identification purposes only*

LETTER FROM THE BOARD

References are also made to the 2021 October Announcement, the 2021 Circular and the 2021 December Announcement.

As disclosed in the 2021 October Announcement and the 2021 Circular, on 29 October 2021, the Company and Xinjiang Non-ferrous entered into the 2021 Mutual Supply Agreement in respect of the continuing provision of the Construction Services, the Supporting and Ancillary Services and the Company's Products. As disclosed in the 2021 December Announcement, the supply of the Company's Products under the 2021 Mutual Supply Agreement and the annual caps for the supply of the Company's Products under the 2021 Mutual Supply Agreement were approved at the extraordinary general meeting of the Company held on 28 December 2021.

Due to the Company's contemplated adjustment in the selling strategy in relation to its sale of copper cathodes in light of (i) recent market conditions resulting in adversity for the sale of the Company's copper cathodes; and (ii) the viability of an alternative strategy for bulk sale of copper cathodes to Wuxin Copper described in detail below, the Company proposes to revise the Original 2024 Company's Products Annual Cap.

The Original 2024 Company's Products Annual Cap was not set out in the 2021 Mutual Supply Agreement. Hence, the revision of the Original 2024 Company's Products Annual Cap does not entail the revision of the 2021 Mutual Supply Agreement. The terms of the 2021 Mutual Supply Agreement as disclosed in the 2021 October Announcement and the 2021 Circular remain unchanged. Please refer to the 2021 October Announcement and the 2021 Circular for a summary of the principal terms agreed under the 2021 Mutual Supply Agreement.

The purpose of this circular is:

- (i) to give you details of the Revised 2024 Company's Products Annual Cap;
- (ii) to set out the recommendation of the Independent Board Committee; and
- (iii) to set out the letter of advice from Crescendo Capital to the Independent Board Committee and the Independent Shareholders advising on the Revised 2024 Company's Products Annual Cap.

LETTER FROM THE BOARD

PRINCIPAL TERMS OF THE 2021 MUTUAL SUPPLY AGREEMENT

2021 Mutual Supply Agreement

Date: 29 October 2021

Parties: The Company and Xinjiang Non-ferrous

Term: 1 January 2022 to 31 December 2024

Subject Matter

On 29 October 2021, the Company and Xinjiang Non-ferrous entered into the 2021 Mutual Supply Agreement in respect of the continuing provision of the Construction Services, the Supporting and Ancillary Services and the Company's Products.

Term

The principal terms of the 2021 Mutual Supply Agreement include the followings:

- the 2021 Mutual Supply Agreement is for a term commencing from 1 January 2022 and ending on 31 December 2024 which may be renewed upon agreement by Xinjiang Non-ferrous and the Company, subject to the approval by the Stock Exchange and/or the Independent Shareholders, if applicable;
- the Company and the Xinjiang Non-ferrous Group are at liberty to procure from or provide to any Independent Third Party any of the required services and products save and except that the Xinjiang Non-ferrous Group must provide the Company with services or supplies on terms no less favourable than those offered to any Independent Third Party;

LETTER FROM THE BOARD

- each party of the 2021 Mutual Supply Agreement may terminate the mutual provision of products and services on not less than six months' prior written notice. However, the Xinjiang Non-ferrous Group may not terminate its service if the Company has informed them by written notice that the Company is unable to obtain similar products and services from an Independent Third Party (save that the Company has provided written consent to the termination by the Xinjiang Non-ferrous Group); and
- the 2021 Mutual Supply Agreement is conditional and effective upon it having complied with the relevant Listing Rules and approved by the Independent Shareholders, if applicable.

The Xinjiang Non-ferrous Group has agreed to provide the Company with the Construction Services and the Supporting and Ancillary Services. The Company has agreed to provide the Company's Products to the Xinjiang Non-ferrous Group.

Consideration

The fees in relation to the products, supplies and services payable between the Company and Xinjiang Non-ferrous during the term of the 2021 Mutual Supply Agreement are determined principally by commercial negotiation between the parties according to the principles of fairness and reasonableness with reference to the market prices of the mutual supply services from time to time. Such transactions will be conducted in the ordinary and usual course of business of the Company, on normal commercial terms and on terms not less favourable to the Company than terms available to or from (as appropriate) Independent Third Parties.

LETTER FROM THE BOARD

REVISION OF THE ORIGINAL 2024 COMPANY'S PRODUCTS ANNUAL CAP

Original 2024 Company's Products Annual Cap

As disclosed in the 2021 October Announcement and the 2021 Circular, the Original 2024 Company's Products Annual Cap is RMB224,729,530.

Revised 2024 Company's Products Annual Cap

The Company proposes to revise the annual cap in respect of the provision of the Company's Products for the year ending 31 December 2024 to RMB797,739,000.

For the period from 1 January 2024 to 31 March 2024, the total amount of the Company's Products fee paid by the Xinjiang Non-ferrous Group to the Group for the provision of the Company's Products under the 2021 Mutual Supply Agreement was approximately RMB6,725,000. The Company confirms that, as of the date of this circular, it has not exceeded the Original 2024 Company's Products Annual Cap.

BASIS FOR DETERMINING THE REVISED 2024 COMPANY'S PRODUCTS ANNUAL CAP

Original 2024 Company's Products Annual Cap

As disclosed in the 2021 October Announcement and the 2021 Circular, in setting the Original 2024 Company's Products Annual Cap, budgeted amounts assumed by the Directors for the year ending 31 December 2024 are as below:

For the year ending 31 December	2024 <i>(RMB'000)</i> <i>(approximately)</i>
Sales of copper concentrates	119,111
Sales of copper cathodes	33,186
Sales of other Company's Products	72,433
Total	<u>224,730</u>

LETTER FROM THE BOARD

Revised 2024 Company's Products Annual Cap

The revised budgeted amounts for the year ending 31 December 2024 for the Company's Products under the 2021 Mutual Supply Agreement are as follows:

For the year ending 31 December	2024 (RMB'000) (approximately)
Sales of copper concentrates	119,111
Sales of copper cathodes	606,195*
Sales of other Company's Products	72,433
Total	<u>797,739</u>

* indicates change from the amount contemplated under the Original 2024 Company's Products Annual Cap.

The increase in the Revised 2024 Company's Products Annual Cap as compared to the Original 2024 Company's Products Annual Cap is due to the increase in the sales of copper cathodes from the Company to the Xinjiang Non-ferrous Group.

Change in the budgeted amounts for the sales of copper cathodes

The table below sets forth the Directors' assumptions of the budgeted sales volume and the projected market unit price of copper cathodes in setting the Original 2024 Company's Products Annual Cap and the Revised 2024 Company's Products Annual Cap for the year ending 31 December 2024, respectively:

	Original 2024 budget	Revised 2024 budget
Sales of copper cathodes (tonnes)	500	10,000
Unit Price (RMB per tonne)	66,371.68	60,619.47

In terms of the budgeted sales volume of copper cathodes, it is expected to significantly increase from 500 tonnes to 10,000 tonnes, representing an increase of approximately 1,900%. Such substantial increase in the budgeted sales volume is mainly attributable to Company's adjustment in the selling strategy in relation to its sale of copper cathodes in light of (i) recent market conditions resulting in adversity for the sale of the Company's copper cathodes; and (ii) the viability of an alternative strategy for bulk sale of copper cathodes to Wuxin Copper described in detail below.

LETTER FROM THE BOARD

Recent market conditions resulting in adversity for the sale of the Company's copper cathodes

Copper cathodes are by-products from the production of nickel cathodes, the Company's main product. However, as compared with the high-purity copper cathodes sold in the market, the Company's copper cathodes are relatively lower in purity, resulting in the Company's relatively weak bargaining power in the market.

Historically, the main customers of the Company for these by-products are small and medium-sized independent enterprises that process copper rods in the Xinjiang region. As the output of these by-products is relatively low and they are not high-purity copper cathodes, existing customers of the Company only use them as supplementary raw materials where there is a shortage of their copper raw material. As a result of the tightening of the domestic environmental protection measures, energy consumption control and other policy constraints, copper processing enterprises in the Xinjiang region continue to scale and intensify, small and medium-sized copper processing enterprises are gradually squeezed out. Consequentially, the number of customers of the Company's copper cathodes has been declining year by year.

Such market conditions, coupled with the Company's limited bargaining power for selling copper cathodes, may adversely affect the Company's sales prospect for copper cathodes in the Xinjiang region.

Viability of an alternative strategy for bulk sale of copper cathodes to Wuxin Copper

Having acknowledged the market conditions described above, the Directors have sought an alternative selling strategy of bulk sale of copper cathodes to Wuxin Copper for the Company after considering the following factors:

- (1) Wuxin Copper is in a better position to market and sell copper cathodes and in turn is expected to provide a stable demand for copper cathodes at a fair price for the Company.

Wuxin Copper is the largest copper smelting, processing and sales enterprise in the Xinjiang region. It produces high purity copper cathodes with a copper content of more than 99.99%. In addition to having a relatively more comprehensive and well-developed sales system in China for copper products, Wuxin Copper also maintains a prominent position in the copper product market in the Xinjiang region. As such, leveraging on its market position and bargaining power, Wuxin Copper is in a better position to market and sell copper cathodes.

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The prices of copper cathodes sold by the Company to the Xinjiang Non-ferrous Group under the 2021 Mutual Supply Agreement are determined based upon the spot prices of the product from Shanghai Yangtze River Nonferrous Metals Spot Market and the relevant future prices quoted on Shanghai Futures Exchange in accordance with the pricing policy disclosed in the 2021 October Announcement. Therefore the prices at which the Company's copper cathodes are sold to Wuxin Copper will be fixed with reference to such market prices.

For the above reasons, the bulk sale of all of the Company's copper cathodes to Wuxin Copper is expected to provide a stable demand for these copper cathodes at a fair price for the Company.

- (2) Bulk sale of the Company's copper cathodes allows saving on marketing expenses and administrative costs

The Company's copper cathodes are mainly by-products of its nickel products and primarily serve the purpose of meeting customers' demand for supplementary raw materials. As at the Latest Practicable Date, the Company has not established a mature and comprehensive sales system or sales channels for copper cathodes outside the Xinjiang region. If the Company is to build such sales system or sales channels, marketing expenses and administrative costs would increase accordingly, leading to uncertainties in the profitability of the Company for the sales of copper cathodes.

On the other hand, through the bulk sale of all the Company's copper cathodes to Wuxin Copper, the Company would be able to save on marketing expenses and administrative costs for sales of the Company's copper cathodes and avoid incurring the expenses for developing markets outside the Xinjiang region.

Taking into account the recent market conditions, as well as all the factors identified above, the Company intends to sell all of the copper cathodes produced from its operation to Wuxin Copper. The planned proportion of sales of copper cathodes to the Xinjiang Non-ferrous Group as to the total sales of copper cathodes of the Group will increase from approximately 5.0% as disclosed in the 2021 Circular to 100%. For the years ended 31 December 2021 and 31 December 2022, the total sales volume of the copper cathodes by the Company were 11,051 tonnes and 9,775 tonnes. The revised budgeted sales volume of copper cathodes by the Company to the Xinjiang Non-ferrous Group for the year ending 31 December 2024 in the amount of 10,000 tonnes is determined with reference to such historical sales volume by the Company.

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In terms of the projected market unit price of copper cathodes, in accordance with the pricing policy disclosed in the 2021 October Announcement, the prices of copper cathodes sold by the Company to the Xinjiang Non-ferrous Group under the 2021 Mutual Supply Agreement are determined based upon the spot prices of the product from Shanghai Yangtze River Nonferrous Metals Spot Market and the relevant future prices quoted on Shanghai Futures Exchange. The pricing policy for the supply of the Company's Products under the 2021 Mutual Supply Agreement as disclosed in the 2021 October Announcement and the 2021 Circular remains unchanged. That being said, the spot prices of the product from Shanghai Yangtze River Nonferrous Metals Spot Market and the relevant future prices quoted on Shanghai Futures Exchange fluctuate from time to time, leading to corresponding fluctuations in the price of the Company's copper cathodes sold to the Xinjiang Non-ferrous Group. Having considered the Company's averaged selling price of copper cathodes in the past years, which stood at approximately RMB61,041 per tonne for the year ended 31 December 2021, RMB59,605 per tonne for the year ended 31 December 2022 and RMB60,872 per tonne for the six months ended 30 June 2023, the Directors have adjusted the projected market unit price of copper cathodes in their budget from RMB66,371.68 per tonne as disclosed in the 2021 Circular to RMB60,619.47 per tonne in accordance with the pricing policy.

Based on the above, the Directors believe that the above adjustment to the Company's strategy would facilitate the sale of the Company's copper cathodes and maintain profitability, and therefore is in the interest of the Company and its Shareholders as a whole.

PRICING POLICIES AND INTERNAL CONTROL MEASURES RELATING TO PRICING POLICIES

The pricing policies and internal control measures set out in the 2021 Circular remain unchanged and apply to the transactions contemplated under the Revised 2024 Company's Products Annual Cap.

For ease of reference, the pricing policies and internal control measures relating to pricing policies in relation to the supply of the Company's Products under the 2021 Mutual Supply Agreement are set out below.

Pricing Policies

The mutual supply services will be provided according to the following pricing policies in order of priority and are to be settled on a monthly basis:

- the state-prescribed price (國家指定價) (including any price prescribed by any relevant local government), if applicable;
- where there is no state-prescribed price, then the state-guidance price (國家指導價);

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- where there is neither a state-prescribed price nor a state-guidance price, the market price which is determined by (i) the price offered by an Independent Third Party for providing similar services in an area where such supporting services are provided under general commercial terms, or (ii) where not applicable, the market price offered by an Independent Third Party for providing similar services in the PRC under general commercial terms;
- where none of the above is applicable, the price shall be determined by the cost-plus method, parties to determine price based on reasonable costs ^(Note) incurred by them in providing the services plus a profit margin of not more than 5% of such reasonable costs ^(Note); and
- the Company and Xinjiang Non-ferrous will ensure that any specific agreements which set out the specific terms and conditions for the provision of any such services are entered into between the parties in accordance with the terms and conditions of the 2021 Mutual Supply Agreement.

Note: The profit margin of not more than 5% is arrived at after negotiation between the parties and the reasonable costs are the costs (including relevant taxes and surcharges) as calculated under the Accounting Standards for Business Enterprises of the PRC and the Directors are of the view that such profit margin is fair and reasonable.

Since none of the previous transactions regarding the Company's Products were transacted based on the cost-plus method as all the Company's Products have a state-prescribed price, a state-guidance price or a market price (as appropriate), the Company expects that the prices of the Company's Products would continue to be determined in compliance with the state-prescribed price or the state-guidance price, if any, or the market price, in the future.

The Company will provide the Company's Products to the Xinjiang Non-ferrous Group at market prices which are to be determined as afore-mentioned. Since the prices of all the existing Company's Products can be determined with reference to the prevailing market prices, the Company expects that the pricing of the supply of the Company Products will not be based on the cost-plus method. Up to and as at the Latest Practicable Date, state-prescribed price and state-guidance price have never been applicable to the Company's Products as they have never been included in any category for the state-prescribed price or the state-guidance price.

Internal Control Measures Relating to Pricing Policies

For the sales of the Company's Products to the Xinjiang Non-ferrous Group under the 2021 Mutual Supply Agreement, the sales department of the Company and its designated persons will submit the sales orders to the Finance Department of the Company with the required quantities who will then check into the spot rates of the metal products from Shanghai Yangtze River Non-ferrous Metals Spot Market and the relevant future prices quoted on Shanghai Futures Exchange* for preparation of formal sales invoices. Upon the receipt of payments from the customers, the Finance Department will acknowledge the sales department for preparation of the goods delivery notes for warehouse to deliver products to customers.

LETTER FROM THE BOARD

* In relation to the Shanghai Yangtze River Non-ferrous Metals Spot Market, reference prices and their determination method are published by the SMM Information & Technology Co., Ltd. (上海有色網信息科技股份有限公司, “SMM”), a leading comprehensive service provider in the non-ferrous metals industry and are currently made available via the website <https://www.smm.cn/>. The reference prices are updated at 10:30 a.m. on every working day, and are presented both in terms of (i) price range; and (ii) average price in RMB per unit by category of the relevant metal. SMM formulates relevant determination method for the reference prices it publishes and all reference prices are determined and published in strict accordance with such methodology. SMM obtains the data for evaluation of relevant metal spot prices through collection of samples (i.e. collection of raw data from samples which comply with the SMM standards) and determines the reference prices pursuant to the rules of the methodology and the calculation based on the formula. Such samples are collected from the representative market participants, including manufacturers, traders and etc.. In considering the data collected, SMM will take into account the circumstances of each transaction, including the relationship between the parties, market supply and demand, the brand, specifications and quality of the product transacted, freight and payment terms, and etc..

In relation to the Shanghai Futures Exchange, reference prices are published by the Shanghai Futures Exchange, which is regulated by the China Securities Regulatory Commission. Reference prices are made available via the website <https://www.shfe.com.cn/> and are determined based on real-time trading price quoted on the Shanghai Futures Exchange. Reference prices are presented in RMB per unit by category of the relevant metal. Trading prices are updated in real time during the trading period on every trading day, with a summary of settlement price updated at 3:00 p.m. on every trading day.

In respect of sales of the Company’s Products to the Xinjiang Non-ferrous Group, which mainly consist of copper cathodes, copper concentrates and other products, and in order to ensure each sales transaction will be on terms no more favourable to the Xinjiang Non-ferrous Group than to other Independent Third Parties, the pricing of each sales transaction is determined by the Sales Department based upon the spot price of the product from Shanghai Yangtze River Non-ferrous Metals Spot Market and the relevant future prices quoted on Shanghai Futures Exchange and be approved by the Sales Department manager and checked by the Finance Department manager and final approved by the Pricing Committee of the Company. The Pricing Committee of the Company consists of the general manager, financial controller and the managers of the Sales Department and the Finance Department of the Company.

The independent non-executive Directors have reviewed and will continue to review the transactions contemplated under the 2021 Mutual Supply Agreement to ensure that such transactions are entered into on normal commercial terms, fair and reasonable, and carried out pursuant to its contractual terms.

The auditors of the Company will conduct annual review on the transactions contemplated under the 2021 Mutual Supply Agreement in relation to the pricing policy and annual caps contemplated thereunder in accordance with the Listing Rules.

Internal Control on Review of Annual Caps

The Company has implemented the following internal control measures to ensure that the revised annual cap for the transactions contemplated under the 2021 Mutual Supply Agreement will not be exceeded:

1. An annual cap will be assigned to each subsidiary of the Group involved in relevant transaction(s) based on the total annual caps as approved by the Independent Shareholders, and each subsidiary is responsible for monitoring their transactions to ensure that their transaction amount does not exceed such annual cap assigned to them.
2. The Finance Department provides the Chief Financial Officer of the Company with information in relation to the actual transaction amounts (i) upon the end of the first half of the year as the production and transaction amount is usually lower during such period; (ii) upon the end of the third quarter of the year; and (iii) on a monthly basis during the fourth quarter of the year.

LETTER FROM THE BOARD

3. If such amount of transactions is close to the relevant annual cap, the person-in-charge of the relevant subsidiary of the Company will be notified and reminded so that the scale of transactions will be adjusted to strictly comply with the annual cap requirement. In case where the amount of transactions is estimated to exceed the relevant annual cap due to change in the Company's business strategy or otherwise based on the Company's operational needs, the secretariat to the Board will be notified to make necessary assessments and arrangements may be made to issue announcements and/or to obtain the relevant approvals from the Board and the Independent Shareholders in accordance with the requirements of the Listing Rules.

The Directors believe that the above methods and procedures are adequate to ensure that the relevant continuing connected transactions will be conducted in accordance with the terms (including pricing policy) provided under the 2021 Mutual Supply Agreement and such transactions will be conducted on normal commercial terms and in the interest of the Company and Shareholders as a whole.

GENERAL

The existing annual caps for the provision of the Construction Services and the Supporting and Ancillary Services under the 2021 Mutual Supply Agreement are expected to be sufficient for the year ending 31 December 2024 and therefore no revision of the relevant annual caps is required.

All the existing terms and conditions under the 2021 Mutual Supply Agreement remain unchanged.

The Directors (including the independent non-executive Directors whose views are set out in the "Letter from the Independent Board Committee" in this circular) consider that the Revised 2024 Company's Products Annual Cap is fair and reasonable and in the interests of the Company and its Shareholders as a whole.

INFORMATION RELATING TO THE COMPANY

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

INFORMATION RELATING TO XINJIANG NON-FERROUS

Xinjiang Non-ferrous is principally engaged in, among other things, investment in non-ferrous metal industry and sale of non-ferrous metal products. As at the Latest Practicable Date, Xinjiang Non-ferrous was held as to 90.16% by the State-owned Asset Supervision and Administration Commission of Xinjiang Uygur Autonomous Region and 9.84% by the Department of Finance of Xinjiang Uygur Autonomous Region.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Xinjiang Non-ferrous was the controlling shareholder (as defined in the Listing Rules) of the Company and was beneficially interested in approximately 40.06% of the entire issued share capital of the Company. Accordingly, members of the Xinjiang Non-ferrous Group are connected persons of the Company and the transactions with members of the Xinjiang Non-ferrous Group contemplated under the 2021 Mutual Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will have to comply with the relevant provisions of Chapter 14A of the Listing Rules in relation to the relevant continuing connected transactions.

Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the Revised 2024 Company's Products Annual Cap exceeds 5%, the Revised 2024 Company's Products Annual Cap is subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.36 of the Listing Rules, any shareholder with a material interest in the relevant connected transaction is required to abstain from voting on the relevant resolution at the EGM. As at the Latest Practicable Date, Xinjiang Non-ferrous and its Associate(s) were beneficially interested in 885,204,000 Domestic Shares of the Company, representing approximately 40.06% of the entire issued share capital of the Company. Xinjiang Non-ferrous and its Associate(s), holding 885,204,000 Domestic Shares of the Company, are required to and will be abstained from voting at the EGM in relation to the approval of the Revised Company's Products Annual Cap.

APPOINTMENT OF INDEPENDENT FINANCIAL ADVISER

The Company has appointed Crescendo Capital as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Revised 2024 Company's Products Annual Cap is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and its Shareholders as a whole. A letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders is set out on pages 18 to 29 of this circular. The letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders indicates that the Independent Financial Adviser considers the Revised 2024 Company's Products Annual Cap is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole.

LETTER FROM THE BOARD

INDEPENDENT BOARD COMMITTEE

The Company has established an Independent Board Committee comprising all independent non-executive Directors to advise the Independent Shareholders as to whether the Revised 2024 Company's Products Annual Cap is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and its Shareholders as a whole. The letter from the Independent Board Committee to the Independent Shareholders is set out on pages 16 to 17 of this circular. Having taken into account the advice of the Independent Financial Adviser, the independent non-executive Directors are of the view that the Revised 2024 Company's Products Annual Cap is fair and reasonable and is in the interests of the Company and the Independent Shareholders as a whole.

BOARD'S APPROVAL

Mr. Guo Quan, Mr. Qi Xinhui, Mr. Wang Lijian and Ms. Chen Yang have abstained from voting on the board resolution approving the Revised 2024 Company's Products Annual Cap since Mr. Guo Quan is the general manager of Xinjiang Non-ferrous; Mr. Qi Xinhui is the deputy general manager of Xinjiang Non-ferrous; Mr. Wang Lijian is the director of the organization and personnel department, director (manager) of the human resources department and the deputy principal of the Party School of Xinjiang Non-ferrous; and Ms. Chen Yang is the manager of the legal affairs department of Xinjiang Non-ferrous.

Other than Mr. Guo Quan, Mr. Qi Xinhui, Mr. Wang Lijian and Ms. Chen Yang, none of the Directors has any material interest in the transactions contemplated under the 2021 Mutual Supply Agreement and therefore none of them is required to abstain from voting on the relevant board resolution to approve the Revised 2024 Company's Products Annual Cap.

EGM

A notice of the EGM to be held at 1:30 p.m. on Monday, 20 May 2024 at Conference Room, 6/F, No. 501, Fusion South Road, Cooperation Zone, Economic and Technological Development Zone, Urumqi, Xinjiang, the People's Republic of China is set out on pages 36 to 38 of this circular. The EGM will be held to consider and, if thought fit, approve the Revised 2024 Company's Products Annual Cap.

The register of members of the Company will be closed from Saturday, 20 April 2024 to Monday, 20 May 2024 (both days inclusive), during which time no share transfers will be registered. In order to be eligible to attend the EGM, 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, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 19 April 2024. Shareholders of the Company whose names appear on the register of members of the Company at the opening of business on Monday, 20 May 2024 are entitled to attend the EGM.

LETTER FROM THE BOARD

Shareholders who wish to attend the EGM are required to return the notice of attendance in accordance with the instructions printed thereon as soon as possible and in any event not later than 4:30 p.m. on Tuesday, 30 April 2024.

Whether or not you are able to attend the meeting, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not later than 24 hours before the time appointed for holding the meeting or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

PROCEDURES FOR VOTING AT THE EGM

According to Rule 13.39(4) of the Listing Rules, any vote at a general meeting must be taken by poll.

RECOMMENDATION

The Directors consider that the proposed resolution for consideration and approval by the Shareholders at the EGM is in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM as set out in the notice of the EGM.

GENERAL

Your attention is drawn to the letter from the Independent Board Committee, the letter from the Independent Financial Adviser, the additional information set out in the appendix to this circular and the notice of the EGM.

Yours faithfully,

By Order of the Board of

Xinjiang Xinxin Mining Industry Co., Ltd.*

Lam Siu Wing, Wu Ning

Joint Company Secretaries



Xinjiang Xinxin Mining Industry Co., Ltd.*

新疆新鑫矿业股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock code: 3833)

5 April 2024

To the Independent Shareholders

Dear Sir or Madam,

**PROPOSED REVISION OF ANNUAL CAP FOR
EXISTING CONTINUING CONNECTED TRANSACTIONS
UNDER THE 2021 MUTUAL SUPPLY AGREEMENT**

We refer to the circular dated 5 April 2024 (the “**Circular**”) of Xinjiang Xinxin Mining Industry Co., Ltd. (the “**Company**”) of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise specified.

We, being the independent non-executive Directors, have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders on the Revised 2024 Company’s Products Annual Cap. Crescendo Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Shareholders and us on the fairness and reasonableness of the Revised 2024 Company’s Products Annual Cap. Details of Crescendo Capital’s advice, together with the principal factors and reasons it has taken into consideration in giving such advice, are set out in the “Letter from the Independent Financial Adviser” on pages 18 to 29 of the Circular.

The Independent Shareholders’ attention is drawn to the “Letter from the Board”, the advice of Crescendo Capital in its capacity as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of whether the Revised 2024 Company’s Products Annual Cap is fair and reasonable and in the interest of the Company and the Shareholders as a whole, as set out in the “Letter from the Independent Financial Adviser” as well as other additional information set out in other parts of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the independent advice of Crescendo Capital, in particular the principal factors, reasons and recommendations set out in the “Letter from the Independent Financial Adviser” on pages 18 to 29 of the Circular and having considered the terms of Revised 2024 Company’s Products Annual Cap, we consider the Revised 2024 Company’s Products Annual Cap to be fair and reasonable and is in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Revised 2024 Company’s Products Annual Cap.

Yours faithfully,

Independent Board Committee

Mr. Hu Benyuan, Mr. Wang Qingming and Mr. Lee Tao Wai

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the text of a letter of advice from Crescendo Capital to the Independent Board Committee and the Independent Shareholders in relation to the revision of the annual cap for the year ending 31 December 2024 in respect of the existing continuing connected transactions contemplated under the 2021 Mutual Supply Agreement, which has been prepared for inclusion in this circular.



1105 Tai Tung Building
8 Fleming Road
Wanchai
Hong Kong

5 April 2024

*To the Independent Board Committee
and the Independent Shareholders*

Dear Sirs,

PROPOSED REVISION OF ANNUAL CAP FOR EXISTING CONTINUING CONNECTED TRANSACTIONS UNDER THE 2021 MUTUAL SUPPLY AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders for the revision of the annual cap for the year ending 31 December 2024 in respect of the continuing connected transactions contemplated under the 2021 Mutual Supply Agreement for the provision of the Company's Products by the Group to Xinjiang Non-ferrous Group, details of which are set out in the letter from the Board ("**Letter from the Board**") contained in the circular dated 5 April 2024 to the Shareholders (the "**Circular**"), of which this letter forms part. Capitalized terms used in this letter shall have the same meanings as defined elsewhere in the Circular unless the context requires otherwise.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As disclosed in the 2021 October Announcement and the 2021 Circular, on 29 October 2021, the Company and Xinjiang Non-ferrous entered into the 2021 Mutual Supply Agreement in respect of the continuing provisions of the Construction Services, the Supporting and Ancillary Services and the Company's Products, which constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules. The supply of the Company's Products under the 2021 Mutual Supply Agreement and the annual caps for the supply of the Company's Products under the 2021 Mutual Supply Agreement were approved at the extraordinary general meeting of the Company held on 28 December 2021.

Due to the contemplated adjustment in the Company's selling strategies for its sales of copper cathodes, which is expected to substantially increase the sales of the Company's Products to Xinjiang Non-ferrous Group, on 29 February 2024, the Board announced that the Company proposed to revise the Original 2024 Company's Products Annual Cap.

Pursuant to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will have to re-comply with the relevant provisions of Chapter 14A of the Listing Rules concerning the relevant continuing connected transactions. Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the Revised 2024 Company's Products Annual Cap exceeds 5%, the Revised 2024 Company's Products Annual Cap is subject to the reporting, announcement, annual review and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Xinjiang Non-ferrous, being a contracting party of the 2021 Mutual Supply Agreement and a controlling Shareholder interested in 885,204,000 domestic shares of the Company, representing approximately 40.06% of the entire issued share capital of the Company, and its Associates are required to, and will, abstain from voting in relation to the approval of the Revised 2024 Company's Products Annual Cap at the EGM.

The Independent Board Committee, comprising all independent non-executive Directors, namely Mr. Hu Benyuan, Mr. Wang Qingming and Mr. Lee Tao Wai, has been established to advise the Independent Shareholders as to whether the Revised 2024 Company's Products Annual Cap is fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and Shareholders as a whole. We, Crescendo Capital Limited, have been appointed to give an independent opinion to the Independent Board Committee and the Independent Shareholders in this regard and how to vote on the resolution to be proposed at the EGM.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We are not associated with the Group and its Associates and do not have any shareholding in any member of the Group or right (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, securities in any member of the Group. Save for acting as an independent financial adviser in this appointment, we have not acted as a financial adviser or an independent financial adviser to the Company and its Associates in the past two years. Apart from normal professional fees payable to us in connection with this appointment, no arrangements exist whereby we will receive any fee or benefit from the Group and its Associates. We are not aware of any relationship or interest between our firm and the Company or other parties that would be reasonably considered to affect our independence to act as an independent financial adviser to the Independent Board Committee and the Independent Shareholders and we are independent from the Company pursuant to the requirements under Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have relied on the information and representations supplied, and the opinions expressed, by the Directors and management of the Company and have assumed that such information and statements, and representations made to us or referred to in the Circular are true, accurate and complete in all material respects as of the date hereof and will continue as such at the date of the EGM. The Directors have collectively and individually accepted full responsibility for the Circular, including particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group and having made all reasonable enquiries have confirmed that, to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular misleading.

We consider that we have reviewed sufficient information to reach an informed view, to justify reliance on the accuracy of the information contained in the Circular and to provide a reasonable basis for our recommendation. We have no reasons to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate, and consider that they may be relied upon in formulating our opinion. We have not, however, for the purpose of this exercise, conducted any independent investigation or audit into the businesses or affairs or future prospects of the Group and the related subject of, and parties to, the 2021 Mutual Supply Agreement. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change this opinion.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion regarding the Revised 2024 Company's Products Annual Cap, we have considered the following principal factors and reasons:

1. Background and reasons for the revision of the Original 2024 Company's Products Annual Cap

(a) The 2021 Mutual Supply Agreement

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

Xinjiang Non-ferrous, the controlling Shareholder, is principally engaged in, among other things, investment in the non-ferrous metal industry and the sales of non-ferrous metal products. As at the Latest Practicable Date, Xinjiang Non-ferrous was held as to 90.16% by the State-owned Asset Supervision and Administration Commission of Xinjiang Uygur Autonomous Region and 9.84% by the Department of Finance of Xinjiang Uygur Autonomous Region.

On 29 October 2021, the Company entered into the 2021 Mutual Supply Agreement with Xinjiang Non-ferrous in relation to, among others, the provision of the Company's Products by the Group to Xinjiang Non-ferrous Group. The entering into of the 2021 Mutual Supply Agreement and the Original 2024 Company's Products Annual Cap were approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 28 December 2021.

(b) Provision of the Company's Products

Pursuant to the 2021 Mutual Supply Agreement, the Company's Products to be supplied by the Group to Xinjiang Non-ferrous Group include nickel cathode, copper cathode, copper concentrates, self-produced precious metals, sulphuric acid, water, electricity and other ancillary materials. The Directors consider that sales of the Company's Products to Xinjiang Non-ferrous Group can help secure a stable sales channel and turnover for the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered (i) the recent unfavourable market conditions that have adversely impacted the sales of the Company's copper cathodes; and (ii) the viability of an alternative strategy for bulk sales of copper cathodes to Wuxin Copper (a member of Xinjiang Non-ferrous Group), the Company anticipates that the transaction amount for sales of the Company's Products to Xinjiang Non-ferrous Group will increase significantly with the additional sales amount of copper cathodes which were not budgeted in the Original 2024 Company's Products Annual Cap.

As disclosed in the Letter from the Board, copper cathodes are by-products of the production of nickel cathodes, the Company's main product. However, as compared with the high-purity copper cathodes sold in the market, the Company's copper cathodes are relatively lower in purity, resulting in the Company's relatively weak bargaining power in the market. Historically, the main customers of the Company for these by-products are small-and medium-sized independent enterprises that process copper rods in the Xinjiang region. As the output of these by-products is relatively low and they are not high-purity copper cathodes, the existing customers of the Company only use them as supplementary raw materials when there is a shortage of their copper raw material. As a result of the tightening of the domestic environmental protection measures, energy consumption control and other policy constraints, copper processing enterprises in the Xinjiang region continue to scale-up and consolidate, and small-and medium-sized copper processing enterprises are gradually squeezed out. Consequentially, the number of customers of the Company's copper cathodes has been declining year by year.

We noted that the PRC Government has implemented certain environmental protection measures since 2018 such as 《自治區嚴禁「三高」項目進新疆推動經濟高質量發展實施方案》(Implementation Plan for The Autonomous Region to Strictly Prohibit "Three High" Projects from Entering Xinjiang to Promote High-quality Economic Development), 《關於堅決遏制「兩高」項目盲目發展的實施方案》(Implementation Plan for Resolutely Curbing the Mindless Development of "Two High" Projects) and 《關於全面加強生態環境保護堅決打好污染防治攻堅戰實施方案》(Implementation Plan for Comprehensively Strengthening the Ecological and Environmental Protection and Resolutely Fighting Against Pollution). Such measures raised the challenges faced by the copper processing enterprises in Xinjiang, especially those small-and medium-sized enterprises, and increased their development uncertainty and compliance costs associated with environmental protection. We have also reviewed the Group's customer list of copper cathodes for the three years ended 31 December 2023 and noted that the number of customers purchasing copper cathodes from the Group has been declining since 2021.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to the China Copper Industry Monthly Prosperity Index Report (January 2024) published by China Non-ferrous Metals Industry Association, a national non-profit organization approved and registered by The State Council of the People's Republic of China, the China Copper Industry Monthly Prosperity Index, which reflects the current prosperity level of the copper industry, dropped from 36.4 in January 2023 to 34.1 in January 2024.

Such market conditions, coupled with the Company's limited bargaining power for selling copper cathodes, may adversely affect the Company's sales prospects for copper cathodes in the Xinjiang region. Up to the Latest Practicable Date, the Company had not established a mature and comprehensive sales system or sales channels for its copper cathodes outside the Xinjiang region. If the Company is to build such a sales system or sales channels, marketing expenses and administrative costs would increase accordingly, leading to uncertainties in the profitability of the Company for the sales of copper cathodes.

Wuxin Copper is the largest copper smelting, processing and sales enterprise in the Xinjiang region, which produces high-purity copper cathode with a copper content of more than 99.99%. Not only does it have a relatively more comprehensive and well-developed sales system in China for copper products, Wuxin Copper also maintains a prominent position in the copper product market in the Xinjiang region. Leveraging on its market position and bargaining power, Wuxin Copper is in a better position to market and sell copper cathodes in the region.

Given that (i) Wuxin Copper is in a better position to market and sell copper cathodes and in turn is expected to provide the Company with a stable demand for copper cathodes at a fair price, which shall be determined with reference to the market price where there is neither a State-prescribed price nor a State-guidance price, and on terms not less favourable to the Company than terms available from independent third parties in accordance with the 2021 Mutual Supply Agreement; and (ii) the bulk sales of the Company's copper cathodes to Wuxin Copper can save the marketing expenses and administrative costs for sales of the Company's copper cathodes and avoid incurring the expenses for developing markets outside the Xinjiang region, the Company intends to sell all of the copper cathodes produced as by-products to Wuxin Copper starting from 2024. Accordingly, the Company proposed to revise the Original 2024 Company's Products Annual Cap.

The Original 2024 Company's Products Annual Cap was not set out in the 2021 Mutual Supply Agreement. Therefore, the revision to the Original 2024 Company's Products Annual Cap does not entail a revision to the 2021 Mutual Supply Agreement. The terms of the 2021 Mutual Supply Agreement as disclosed in the 2021 October Announcement and the 2021 Circular shall remain unchanged. Please refer to the Letter from the Board for a summary of the principal terms of the 2021 Mutual Supply Agreement.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Having considered that (i) the copper cathodes sold by the Group are by-products of the Group and they have relatively lower purity, which lowered the bargaining power of the Group in the market, and the number of customers of the Company's copper cathodes has been declining during the recent years which adversely affected the sales performance of the Company's copper cathodes; (ii) Xinjiang Non-ferrous Group is a major player in the non-ferrous metal industry in the Xinjiang region; (iii) the Group has established a long-term business relationship with Xinjiang Non-ferrous Group; and (iv) the sales of the Company's Products is carried out in the ordinary and usual course of business of the Group and provides additional turnover to the Group, we are of the opinion that the provision of the Company's Products under the 2021 Mutual Supply Agreement by the Group to Xinjiang Non-ferrous Group are commercial transactions conducted in the ordinary and usual course of business of the Group and they are in the interests of the Company and Shareholders as a whole.

We also considered that the revision of the Original 2024 Company's Products Annual Cap is fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and Shareholders as a whole, having taken into account that the Original 2024 Company's Products Annual Cap does not cover the possible transaction amount of the sales of the Company's copper cathodes to Xinjiang Non-ferrous Group arising from the contemplated adjustment in the Company's selling strategy for its sales of copper cathodes.

2. The Revised 2024 Company's Products Annual Cap

The historical transaction amounts of the provision of the Company's Products, the Original 2024 Company's Products Annual Cap and the Revised 2024 Company's Products Annual Cap are summarized as follows:

	Historical transaction amounts		Original 2024 Company's Products Annual Cap	Revised 2024 Company's Products Annual Cap	
					For the year ended 31 December 2021 <i>RMB'000</i> (audited)
Provision of the Company's Products	86,480	101,650	89,670	224,730	797,739

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The breakdown of the Original 2024 Company's Products Annual Cap and the Revised 2024 Company's Products Annual Cap are summarized as follows:

	Original 2024 Company's Products Annual Cap RMB'000	Revised 2024 Company's Products Annual Cap RMB'000
Sales of copper concentrates	119,111	119,111
Sales of copper cathode	33,186	606,195
Sales of other Company's Products	72,433	72,433
Annual caps	224,730	797,739

We have discussed with the management of the Company, and reviewed, the calculation of the Revised 2024 Company's Products Annual Cap. It was noted that save for the expected increase in sales of copper cathodes to Xinjiang Non-ferrous Group, there would be no changes in the original budgeted amounts for other Company's Products, details of which are set out in the 2021 Circular. Therefore, our analysis focuses only on the sales of copper cathodes.

Having considered the projected increase in sales volume of copper cathodes to Xinjiang Non-ferrous Group for the year ending 31 December 2024 of approximately 9,500 tonnes resulting from the contemplated adjustment in the Company's selling strategy in relation to its sales of copper cathodes with effect from 2024, subject to the approval of the Revised 2024 Company's Products Annual Cap by the Independent Shareholders at the EGM, the Company anticipated that the transaction amount of sales of copper cathodes to Xinjiang Non-ferrous Group for the year ending 31 December 2024 would increase from approximately RMB33.19 million to approximately RMB606.20 million.

As disclosed in the section headed "1. Background and reasons for the revision of the Original 2024 Company's Products Annual Cap" above, the Group intends to adjust its selling strategy in respect of sales of copper cathodes by selling all copper cathodes to Xinjiang Non-ferrous Group instead of selling majority of the copper cathodes to independent third-party customers, with effect from 2024, subject to the approval of the Revised 2024 Company's Products Annual Cap by the Independent Shareholders at the EGM. Therefore, the sales volume of copper cathodes to Xinjiang Non-ferrous Group for the year ending 31 December 2024 is expected to increase significantly by approximately 9,500 tonnes, from the original sales volume of 500 tonnes to the revised sales volume of 10,000 tonnes.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

With reference to the annual report and interim report of the Company, the Group's sales volume of copper cathodes was 11,051 tonnes and 9,775 tonnes for the years ended 31 December 2021 and 31 December 2022 respectively and reduced sharply to 1,452 tonnes for the six months ended 30 June 2023. In order to enhance production safety and to improve the level of safety at the mines in Xinjiang Uygur Autonomous Region, upon the approval of the Work Safety Committee of the State Council, the Office of the Work Safety Committee of the State Council dispatched a National Mine Safety Assistance and Guidance Working Group to provide assistance and guidance on mine safety in Xinjiang Uygur Autonomous Region. Since February 2023, the Ministry of Emergency Management and the State Administration of Mine Safety have organized the relevant departments, scientific research institutes and production safety experts from mining enterprises to provide assistance and guidance on production safety at the mines in Xinjiang Uygur Autonomous Region (the “**National Assistance Guidance on Production Safety**”), during such time the normal production of the Group had been affected and resulted in a reduction in production volume of copper cathodes of the Group. As such, the sales volume of copper cathodes for the six months ended 30 June 2023 decreased significantly. The National Assistance Guidance on Production Safety has been completed and the Group's production has resumed to a normal level.

Based on the discussions between the Group and Xinjiang Non-ferrous Group and having considered the volume of copper cathodes available for sales by the Group, it is expected that the volume of copper cathodes for sales to Xinjiang Non-ferrous Group would be 10,000 tonnes in 2024, which is similar to the Group's sales volume of copper cathodes for the year ended 31 December 2022 of approximately 9,775 tonnes. We have reviewed the memorandum of understanding entered into between the Group and Xinjiang Non-ferrous Group regarding the projected sales volume of copper cathodes in 2024 between the parties and noted that the tentative purchase volume of copper cathodes agreed by both parties is in line with the projected sales volumes adopted by the Group in budgeting the sales of copper cathodes.

As disclosed in the Letter from the Board, the prices of copper cathodes sold by the Company to Xinjiang Non-ferrous Group under the 2021 Mutual Supply Agreement are determined based upon the spot prices of the product from Shanghai Yangtze River Nonferrous Metals Spot Market and the relevant future prices quoted on Shanghai Futures Exchange. Management of the Company confirmed that such pricing policy remains unchanged. Based on the information from the website of Shanghai Yangtze River Non-ferrous Metals Spot Market, we noted that the price of copper had been fluctuating during the period from 1 January 2021 to the Latest Practicable Date. The average spot price (including tax) of copper cathode in Shanghai Yangtze River Non-ferrous Metals Spot Market was RMB68,602 per tonne, RMB67,645 per tonne and RMB68,077 per tonne in the year of 2021 and 2022 and the first half of 2023 respectively while the Group's average selling price of copper cathode (tax exclusive) was RMB61,041 per tonne for the year ended 31 December 2021, RMB59,605 per tonne for the year ended 31 December 2022 and RMB60,872 per tonne for the six months ended 30 June 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

According to “Commodity Price Forecast” released in October 2023 by The World Bank, an international financial institution that provides loans and grants to governments of developing countries, copper prices are expected to be US\$8,200 (approximately RMB58,466) per tonne in 2023 and fall to US\$7,800 (approximately RMB55,614) per tonne in 2024 with a rebound to US\$8,500 (approximately RMB60,605) per tonne in 2025. On the other hand, the management of the Company expected that the price of copper cathodes in the PRC in 2024 would remain more or less the same as that in 2023. In view of the Group’s average selling prices of copper cathode in the past years and the Group’s expectation on the price of copper cathode in the PRC in 2024, the current selling price of copper cathode of approximately RMB60,619 per tonne was adopted by the Company for calculating the Revised 2024 Company’s Product Annual Cap.

Having considered that the price fluctuation in copper cathodes in the PRC may persist in 2024 and the budgeted transaction amounts represent only the maximum amounts that can be transacted between the Group and Xinjiang Non-ferrous Group during the relevant period and the actual selling price of copper cathodes to be charged by the Group depends on the prevailing market price at the time of the transactions, we consider that a small buffer for price fluctuations is justifiable and the projected selling price of copper cathode adopted by the Group for estimating the Revised 2024 Company’s Product Annual Cap for the year ending 31 December 2024 is reasonable although an approximately 5% decrease in copper prices in 2024, as compared to 2023, was expected by The World Bank.

Having considered the substantial increase in sales volume of copper cathodes to Xinjiang Non-ferrous Group in 2024, we consider that the Revised 2024 Company’s Products Annual Cap proposed by the Directors is fair and reasonable.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

3. Internal control measures

The Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules, pursuant to which (i) the Company must set an annual cap for the continuing connected transactions; (ii) the Company must re-comply with the announcement and shareholders' approval requirements before the annual cap is exceeded or the Company proposes to renew the agreement or to effect a material change to its terms; (iii) the Company's independent non-executive Directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into (a) in the ordinary and usual course of business of the Group; (b) on normal commercial terms or better; and (c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole; (iv) the Company must engage its auditors to report on the continuing connected transactions every year and the auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions (a) have not been approved by the Board; (b) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (c) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; or (d) have exceeded the annual caps; and (v) the Company must notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors cannot confirm the matters as required.

For the purpose of evaluating the effectiveness of the internal control measures for monitoring the usage of the Original 2024 Company's Products Annual Cap, and ensuring that the annual caps would not be exceeded, we have reviewed the 2021 and 2022 annual reports of the Company and noted that the Company had complied with the annual caps requirement under the Listing Rules as the independent non-executive Directors had made the required confirmation and the Company's auditors had confirmed in writing to the Board that the continuing connected transactions (i) had been approved by the Board; (ii) were in accordance with the pricing policies of the Company if the transactions involved provision of goods or services by the Company; (iii) had been entered into and conducted in accordance with the relevant agreements governing the transaction; and (iv) had not exceeded the annual caps disclosed in the relevant announcements of the continuing connected transactions.

Given the above-stipulated requirements for the continuing connected transactions pursuant to the Listing Rules, we are of the view that appropriate measures were/would be in place to monitor the continuing connected transactions and thus the interest of the Independent Shareholders would be safeguarded.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

RECOMMENDATION

Having considered the abovementioned principal factors and reasons, we consider that the Revised 2024 Company's Products Annual Cap is on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned and is in the interests of the Company and Shareholders as a whole. We, therefore, recommend the Independent Board Committee to advise the Independent Shareholders, and we also recommend the Independent Shareholders, to vote in favour of the resolution to approve the Revised 2024 Company's Products Annual Cap at the upcoming EGM.

Yours faithfully,
For and on behalf of
Crescendo Capital Limited

Amilia Tsang
Managing Director

Helen Fan
Director

Notes:

- (i) Ms. Amilia Tsang is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has over 20 years of experience in corporate finance.*
- (ii) Ms. Helen Fan is a licensed person under the SFO permitted to engage in Type 6 (advising on corporate finance) regulated activity and has approximately 16 years of experience in corporate finance.*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS**Directors, supervisors and chief executive of the Company**

- (i) As at the Latest Practicable Date, save and except for Mr. Zhou Chuanyou, being a Director, who has interests in 135,000,000 H Shares and 345,924,000 Domestic Shares of the Company, none of the Directors, supervisors and chief executive of the Company had any interests and short positions in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of the SFO) which was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest and short position which any such Director, chief executive or supervisor is taken or deemed to have under such provisions of the SFO) or which was required to be entered into the register required to be kept by the Company under section 352 of the SFO or which was otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules.
- (ii) As at the Latest Practicable Date, none of the Directors, proposed Directors, supervisors or proposed supervisors of the Company had any direct or indirect interest in any assets which have since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up) been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

Substantial shareholders of the Company

As at the Latest Practicable Date, so far as the Directors are aware, each of the following persons, not being a Director, chief executive or supervisor of the Company, had an interest in the Shares which falls to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name	Number of shares held	Class of share	Approximate percentage of shareholding on relevant class of shares (%)	Approximate percentage of the total share capital (%)
Xinjiang Non-ferrous Metal Industry (Group) Ltd* (新疆有色金屬工業(集團)有限公司) (Note 1)	885,204,000 (L)	Domestic Share	70.29	40.06
Shanghai Yilian Kuangneng Company Limited (上海怡聯礦能實業有限公司) (“Shanghai Yilian”) (Note 2)	282,896,000 (L)	Domestic Share	22.46	12.80
China Capital Investment (Group) Company Limited* (中金投資(集團)有限公司) (“Zhongjin Investment”) (Note 2)	63,028,000 (L) 135,000,000 (L)	Domestic Share H Share	5.00 14.20	2.85 6.11
Zijin Mining Group Company Limited* (紫金礦業集團股份有限公司) (“Zijin Mining”) (Note 3)	59,444,000 (L)	H Share (Note 3)	6.25	2.69
Zijin Mining Group (Xiamen) Investment Co., Ltd* (紫金礦業集團(廈門)投資有限公司) (“Zijin Mining (Xiamen)”) (Note 3)	56,580,000 (L)	H Share (Note 3)	5.95	2.56

(L) = Long positions

Note 1: Mr. Guo Quan, Mr. Wang Lijian and Ms. Chen Yang, each a non-executive Director, and Mr. Qi Xinhui, an executive Director, hold positions in Xinjiang Non-ferrous. For details, please refer to the paragraph headed “Competing Interest” in this appendix.

Note 2: The entire shareholding or equity interests of Shanghai Yilian and Zhongjin Investment are beneficially owned by Mr. Zhou Chuanyou.

Mr. Zhou Chuanyou, a non-executive Director, is the chairman of the board of Zhongjin Investment and Mr. Hu Chengye, a non-executive Director, is an assistant to the president of Zhongjin Investment.

Note 3: The H shares are held by Zijin Mining (Xiamen) and Gold Mountains (H.K.) International Mining Company Limited (金山(香港)國際礦業有限公司). The entire shareholding or equity interests of Zijin Mining (Xiamen) and Gold Mountains (H.K.) International Mining Company Limited are beneficially owned by Zijin Mining.

* *The English name is a translation of the Chinese name and provided for reference only*

Save as disclosed above, as at the Latest Practicable Date, there was no other person (other than a Director, supervisor or chief executive of the Company), who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who was, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

3. SERVICE AGREEMENTS

As at the Latest Practicable Date, each of the Directors and supervisors of the Company has entered into a service contract for a term of three years with the Company from 14 October 2023 or the date of new appointment to the expiration of the term of the seventh session of the Board of Directors and of the Supervisory Committee of the Company.

Pursuant to Articles 106 and 145 of the Articles of Association, the term for Directors and supervisors of the Company is three years commencing from the date of their respective appointment or re-appointment, subject to re-appointment at a general meeting.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or supervisors of the Company had any existing or proposed service contract with any member of the Group (except contracts expiring or determinable by the Group within one year without payment of compensation (other than statutory compensation)).

4. INTEREST IN CONTRACT

As at the Latest Practicable Date, none of the Directors or supervisors of the Company had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which any member of the Group was a party.

5. NO MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, save as disclosed in the final results announcement of the Company dated 27 March 2024, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, the date to which the latest published consolidated audited accounts of the Company were made up.

6. COMPETING INTEREST

As at the Latest Practicable Date, the following Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Company, as defined in the Listing Rules:

Mr. Guo Quan is the general manager of Xinjiang Non-ferrous; Mr. Qi Xinhui is the deputy general manager of Xinjiang Non-ferrous; Mr. Wang Lijian is the director of the organization and personnel department, director (manager) of the human resources department and the deputy principal of the Party School of Xinjiang Non-ferrous; and Ms. Chen Yang is the manager of the legal affairs department of Xinjiang Non-ferrous. Mr. Guo Quan, Mr. Qi Xinhui, Mr. Wang Lijian and Ms. Chen Yang have not given any confidential or sensitive commercial information of the Company to Xinjiang Non-ferrous or any other third party and have physically abstained the voting right of directors for the approval of the Revised 2024 Company's Products Annual Cap. As the Board of Directors is independent from the board of directors of Xinjiang Non-ferrous and the above Directors do not control the Board of the Company, the Group is capable of carrying out its businesses independent from, and at arm's length from, the business of Xinjiang Non-ferrous.

Save as disclosed above, as at the Latest Practicable Date, none of the directors of the Company and its subsidiary, or their respective associates (as defined in the Listing Rules) had interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

7. EXPERT AND CONSENT

- (a) The following is the qualification of the expert who has given opinions and advice which are included in this circular:

Name	Qualification
Crescendo Capital	A licensed corporation to carry out type 6 regulated activity (advising on corporate finance) under the SFO

- (b) As at the Latest Practicable Date, Crescendo Capital did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.
- (c) Crescendo Capital has given and has not withdrawn its written consent to the issue of this circular, with the inclusion of the references to its name and/or its opinion in the form and context in which they are included.
- (d) As at the Latest Practicable Date, Crescendo Capital did not have any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2022, the date to which the latest published audited financial statements of the Group were made up.

8. MISCELLANEOUS

- (a) The statutory address and principal place of business of the Company in the PRC is situated at No. 501, Fusion South Road, Cooperation Zone, Economic and Technological Development Zone, Urumqi, Xinjiang.
- (b) The registered office of the Company in Hong Kong is 9/F, The Center, 99 Queen's Road Central, Central, Hong Kong.
- (c) The Hong Kong share registrar and transfer office of the Company is Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The joint company secretaries of the Company are Mr. Lam Siu Wing and Mr. Wu Ning.
- (e) In the event of inconsistency, the English text of this circular shall prevail over the Chinese text.

9. DOCUMENTS ON DISPLAY

Copies of the following documents will be on display for inspection on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at kunlun.wsfg.hk from the date of this circular up to and including the date of the EGM:

- (a) the letter from the Independent Board Committee dated 5 April 2024, the text of which is set out on pages 16 to 17 of this circular;
- (b) the letter from the Independent Financial Adviser dated 5 April 2024, the text of which is set out on pages 18 to 29 of this circular;
- (c) the letter of consent from the Independent Financial Adviser dated 5 April 2024 and referred to under the paragraph headed "Expert and Consent" in this appendix; and
- (d) copy of the 2021 Mutual Supply Agreement.

NOTICE OF THE EGM



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)

NOTICE OF THE EGM

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (“EGM”) of Xinjiang Xinxin Mining Industry Co., Ltd. (the “**Company**”) will be held at 1:30 p.m. on Monday, 20 May 2024 at Conference Room, 6/F, No. 501, Fusion South Road, Cooperation Zone, Economic and Technological Development Zone, Urumqi, Xinjiang, the People’s Republic of China to consider and, if thought fit, to pass the following resolution:

Unless otherwise defined, capitalized terms used in this notice and the following resolution shall have the same meanings as those defined in the circular of the Company dated 5 April 2024.

ORDINARY RESOLUTION

1. To consider and approve the following matter:

THAT the Revised 2024 Company’s Products Annual Cap be and is hereby approved and confirmed. Any one director of the Company be and is hereby authorised to do all such acts and things and execute such other documents as he in his sole and absolute discretion deems necessary, desirable or expedient in relation to the implementation of the above (if necessary).

By order of the Board
Lam Siu Wing, Wu Ning
Joint Company Secretaries

Xinjiang, the PRC
5 April 2024

NOTICE OF THE EGM

Notes:

1. Closure of register of members and eligibility for attending the EGM

The register of members of the Company will be closed from Saturday, 20 April 2024 to Monday, 20 May 2024 (both days inclusive), during which time no share transfers will be registered. In order to be eligible to attend the EGM, 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, Wanchai, Hong Kong no later than 4:30 p.m. on Friday, 19 April 2024. Shareholders of the Company whose names appear on the register of members of the Company at the opening of business on Monday, 20 May 2024 are entitled to attend the EGM.

2. Notice of attendance

Shareholders who intend to attend the EGM should complete and lodge the accompanying reply slip and return it to the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, on or before 4:30 p.m. on Tuesday, 30 April 2024. The reply slip may be delivered by hand, by post or by fax to the Company's H Share registrar. Completion and return of the reply slip does not affect the right of a shareholder of the Company to attend the EGM. However, the failure to return the notice of attendance may result in an adjournment of the EGM, if the number of shares carrying the right to vote represented by the shareholders of the Company proposing to attend the EGM by the notice of attendance does not reach more than half of the total number of shares of the Company carrying the right to vote at the EGM.

3. Proxy

Every shareholder of the Company who has the right to attend and vote at the EGM is entitled to appoint one or more proxies, whether or not they are members of the Company, to attend and vote on his behalf at the EGM.

A proxy must be appointed by an instrument in writing and signed by the appointer or his attorney duly authorised in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorised in writing. The instrument appointing the proxy shall be deposited at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 24 hours before the time appointed for the holding of the EGM. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company's H Share registrar. Return of a form of proxy will not preclude a shareholder of the Company from attending in person and voting at the EGM if he so wishes.

If more than one proxy is appointed, such proxies shall only be entitled to vote by poll. Shareholders or their proxies are required to produce their identification documents when attending the EGM.

NOTICE OF THE EGM

4. Others

Pursuant to Rule 13.39(4) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”), all votes at the general meeting will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

The EGM is expected to last for approximately half an hour. Shareholders and their proxies attending the meeting shall be responsible for their own travelling and accommodation expenses.

As at the date of this notice, the executive director of the Company is Mr. Qi Xinhui; the non-executive directors of the Company are Mr. Guo Quan, Mr. Zhou Chuanyou, Mr. Wang Lijian, Ms. Chen Yang and Mr. Hu Chengye; and the independent non-executive directors of the Company are Mr. Hu Benyuan, Mr. Wang Qingming and Mr. Lee Tao Wai.

* *For identification purposes only*