

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



**ZHAOJIN**

**ZHAOJIN MINING INDUSTRY COMPANY LIMITED\***

**招金礦業股份有限公司**

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

**(Stock Code: 1818)**

**ANNOUNCEMENT**

**MAJOR AND CONTINUING CONNECTED TRANSACTIONS  
RENEWAL OF THE PROVISION OF  
FINANCIAL SERVICES BY FINANCE COMPANY**

Reference is made to the announcement dated 17 July 2015, the circular dated 31 August 2015 and the announcement dated 29 September 2015 published by the Company in respect of, among other things, the 2015 Group Financial Services Agreement and the 2015 Parent Group Financial Services Agreement.

The 2015 Group Financial Services Agreement and the 2015 Parent Group Financial Services Agreement will expire on 31 December 2017.

As the parties intend to continue to enter into transactions of a similar nature from time to time after 31 December 2017, on 14 November 2017, the Company and Finance Company entered into the 2017 Group Financial Services Agreement, and Shandong Zhaojin and Finance Company entered into the 2017 Parent Group Financial Services Agreement, on terms which are similar to that of the 2015 Group Financial Services Agreement and the 2015 Parent Group Financial Services Agreement, respectively.

## **LISTING RULES IMPLICATIONS UNDER THE 2017 GROUP FINANCIAL SERVICES AGREEMENT AND THE 2017 PARENT GROUP FINANCIAL SERVICES AGREEMENT**

As at the date of this announcement, Shandong Zhaojin is the controlling shareholder of the Company and is therefore a connected person of the Company. Finance Company, being a non wholly-owned subsidiary of the Company held as to 40% by Shandong Zhaojin, is also a connected person of the Company given that it is a connected subsidiary of the Company and also an associate of Shandong Zhaojin. Accordingly, the transactions contemplated under the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

### **2017 Group Financial Services Agreement**

#### ***Deposit Services and Bill Discounting Services***

Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of each of (i) the maximum daily outstanding balance of deposits (including interest accrued thereon) in relation to the provision of deposit services by Finance Company to the Group; and (ii) the maximum daily outstanding balance of funds (including interest accrued thereon) in relation to the provision of bill discounting services by Finance Company to the Group under the 2017 Group Financial Services Agreement is more than 25%, respectively, the provision of deposit services and bill discounting services under the 2017 Group Financial Services Agreement constitutes (i) major transactions subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) non-exempt continuing connected transactions subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### ***Loan Services***

The provision of loan services by Finance Company to the Group under the 2017 Group Financial Services Agreement constitutes a form of financial assistance under the Listing Rules. Given that such financial assistance is on normal commercial terms similar to or even more favourable than those offered by independent third parties for comparable services in the PRC which is not secured by the assets of the Group, it is exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### ***Settlement Services***

Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the service fees payable by the Group to Finance Company for the provision of settlement services by Finance Company to the Group under the 2017 Group Financial Services Agreement is less than 0.1%, the provision of settlement services under the 2017 Group Financial Services Agreement is exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **2017 Parent Group Financial Services Agreement**

### ***Deposit Services, Bill Discounting Services and Loan Services***

Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of each of (i) the maximum daily outstanding balance of deposits (including interest accrued thereon) in relation to the provision of deposit services by Finance Company to the Shandong Zhaojin Group; (ii) the maximum daily outstanding balance of funds (including interest accrued thereon) in relation to the provision of bill discounting services by Finance Company to the Shandong Zhaojin Group; and (iii) the maximum outstanding loan amount at any one point in time that may be provided by Finance Company to the Shandong Zhaojin Group under the 2017 Parent Group Financial Services Agreement is more than 25%, respectively, the provision of deposit services, bill discounting services and loan services under the 2017 Parent Group Financial Services Agreement constitute (i) major transactions subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) non-exempt continuing connected transactions subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### ***Settlement Services***

Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the service fees payable by the Shandong Zhaojin Group to Finance Company for the provision of settlement services by Finance Company to the Shandong Zhaojin Group under the 2017 Parent Group Financial Services Agreement is less than 0.1%, the provision of settlement services under the 2017 Parent Group Financial Services Agreement is exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee has been formed to advise the Independent Shareholders in connection with the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement.

Trinity Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement.

## **DESPATCH OF CIRCULAR**

A circular containing, among other matters, a letter of advice from each of the Independent Board Committee and the Independent Financial Adviser in respect of the terms of the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement will be despatched to the Shareholders in compliance with the Listing Rules. As additional time is required by the Company to prepare the information to be included in the circular, it is expected that the circular will be despatched to the Shareholders on or before 12 December 2017. If there is expected to be a delay in the despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

Reference is made to the announcement dated 17 July 2015, the circular dated 31 August 2015 and the announcement dated 29 September 2015 published by the Company in respect of, among other things, the 2015 Group Financial Services Agreement and the 2015 Parent Group Financial Services Agreement.

The 2015 Group Financial Services Agreement and the 2015 Parent Group Financial Services Agreement will expire on 31 December 2017.

As the parties intend to continue to enter into transactions of a similar nature from time to time after 31 December 2017, on 14 November 2017, the Company and Finance Company entered into the 2017 Group Financial Services Agreement, and Shandong Zhaojin and Finance Company entered into the 2017 Parent Group Financial Services Agreement, on terms which are similar to that of the 2015 Group Financial Services Agreement and the 2015 Parent Group Financial Services Agreement.

Set out below are the details of the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement.

### **(I) 2017 GROUP FINANCIAL SERVICES AGREEMENT**

***Date:***

14 November 2017

***Parties:***

- (1) The Company
- (2) Finance Company

***Term:***

1 January 2018 to 31 December 2020

The 2017 Group Financial Services Agreement becomes effective when it is duly signed by the legal representatives or authorized agent of the parties and affixed with their respective company chops. The provision of deposit services and bill discounting services under the 2017 Group Financial Services Agreement are subject to the approval of the Independent Shareholders at the EGM.

***Major Terms:***

- (1) Finance Company agreed to provide the following major services to the Company and its subsidiaries which satisfy the members qualifications, i.e., any companies which the Company has more than 51% equity interest (the “**Controlled Corporations**”); any companies which the Company and the Controlled Corporations individually or collectively hold(s) more than 20% equity interest or any companies which the Company and the Controlled Corporations individually or collectively hold(s) less than 20% but being the single largest shareholder of such companies; the institutional entity or social organization legal persons of the Company and the Controlled Corporations:
- i. financial and financing consultation, credit certification and other relevant advisory and agency services;
  - ii. funds receipt services;
  - iii. provision of guarantees;
  - iv. entrusted loans and entrusted investment services;
  - v. bill discounting services;
  - vi. settlement services and settlement proposal design services;
  - vii. deposit services;
  - viii. loans and finance leasing services;
  - ix. approved insurance agency services;
  - x. consumer credit, buyer credits and financial leasing services of the products of the Group;
  - xi. underwriting services for corporate bonds; and
  - xii. other financial services as approved by the CBRC.

The services numbered (i) to (viii) above can be provided by Finance Company immediately and the services numbered (ix) to (xi) above can be provided by Finance Company one year after its incorporation upon approval by Shandong Bureau of the CBRC.

- (2) The Group shall choose Finance Company to provide settlement services to the Group and the service fees for the provision of settlement services to be charged by Finance Company shall not be higher than the service fees charged by other independent major commercial banks for the provision of same services in the PRC.
- (3) The Group shall choose Finance Company to provide deposit services to the Group and the deposit services and deposit products to be provided shall comply with the requirements of the PBOC (*Note*). The interest rate for the deposit paid by Finance Company shall not be lower than the interest rate paid by other independent major commercial banks for the provision of the same services in the PRC.

*Note:* According to the requirements under the “Measures for the Administration of Finance Companies of Enterprise Groups” issued by the CBRC, Finance Company shall abide by the provisions on administration of interest rates of the PBOC. The interest rate on the deposit services provided by Finance Company shall be based on the benchmark interest rate promulgated by the PBOC. Such interest rate shall not exceed the range of deposit interest rate promulgated by the PBOC from time to time, i.e., any adjustment on the interest rate offered by Finance Company shall be within the interest rate offered by the PBOC on comparable deposit.

- (4) The Group shall choose Finance Company to provide financing (including bill discounting) services to the Group and the interest rate for the provision of financing (including bill discounting) services to be charged by Finance Company shall not be higher than the interest rate charged by other independent major commercial banks for the provision of same level of financing (including bill discounting) services in the PRC.
- (5) The 2017 Group Financial Services Agreement is only a framework agreement and the parties shall enter into specific contracts setting out specific terms about the service arrangement in relation to the services to be provided under the 2017 Group Financial Services Agreement provided that such specific contracts shall be consistent with the principles and terms of the 2017 Group Financial Services Agreement.

In respect of those financial services (apart from deposit services, loan and guarantee services, bill discounting and settlement services) to be provided under the 2017 Group Financial Services Agreement, the Company will comply with the applicable reporting, announcement and Independent Shareholders’ approval requirements of the Listing Rules as and when the relevant contracts for the provision of such services are entered into.

(6) Capital Risks Control Measures:

- i. Finance Company will ensure the safe and stable operation of the funds management system, which has undergone the security test in respect of connection to online commercial banking system and has reached the national security standards for commercial banks to ensure the security of the funds of the Group.
- ii. Finance Company will ensure that it is in strict compliance with the risk monitoring indicators for financial institutions issued by the CBRC and that its major regulatory indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the CBRC.
- iii. Finance Company will monitor the transactions under the 2017 Group Financial Services Agreement and ensure that the transaction amount will not exceed the relevant annual caps under the 2017 Group Financial Services Agreement.
- iv. A monthly report of Finance Company and a “comprehensive table of continuing connected transactions” of the preceding month will be delivered by Finance Company to the Company before the tenth day of each month so that the Company can monitor and ensure the relevant transaction amounts will not exceed its respective annual caps.

#### **INTERNAL CONTROL ON PRICING**

The interest rates for deposit, loan and bill discounting services and the service fees for settlement services are arrived at after considering the interest rates and service fees charged by/offered by other independent commercial banks and financial institutions in the PRC for the provision of similar level of loans, deposit, bill discounting and settlement services.

There are stringent internal control policies with regard to financial services transactions under the 2017 Group Financial Services Agreement. The finance department of the Company would compare the deposit rates quoted from the counterparties with the terms from other independent third parties (including at least three financial institutions and commercial banks in the PRC) to ensure that the most favourable terms are obtained from Finance Company.

In addition, the transactions will be reported to and approved by the head of the finance department of the Company. The internal control policies will also be applied to the transactions with Finance Company to ensure the interest rate payable for the Company’s deposits with Finance Company shall not be lower than the interest rate payable by other independent commercial banks for comparable deposits.

By adopting the policies set out above, the Company can ensure that (i) the interest rate payable for the Company’s deposits shall not be lower than the interest rate offered by other independent commercial banks for comparable deposits in the PRC; and (ii) the loan and bill discounting interest rates and service fees charged by Finance Company shall not be higher than that charged by other independent commercial banks for providing comparable loans and services in the PRC.

## HISTORICAL TRANSACTION AMOUNT

### Deposit Services

The table below sets forth the maximum daily outstanding balance of deposits (including interest accrued thereon) in relation to the provision of deposit services by Finance Company to the Group under the 2015 Group Financial Services Agreement for each of the two years ended 31 December 2015 and 31 December 2016, and the nine months ended 30 September 2017:

	<b>For the year ended</b>		<b>For the</b>
	<b>31 December</b>		<b>nine months</b>
	<b>2015</b>	<b>2016</b>	<b>ended</b>
			<b>30 September</b>
			<b>2017</b>
Maximum daily outstanding balance of deposits placed by the Group with Finance Company (including interest accrued thereon)	RMB585.9 million	RMB1,807.4 million	RMB1,599.0 million

The maximum daily outstanding balance of deposits (including interest accrued thereon) in relation to the provision of deposit services by Finance Company to the Group for the year ending 31 December 2017 contemplated under the 2015 Group Financial Services Agreement is RMB2,500 million which has not been exceeded as at the date of this announcement and is not expected to be exceeded before 31 December 2017.

### Bill Discounting Services

The table below sets forth the maximum daily outstanding balance of funds (including interest accrued thereon) in relation to the provision of bill discounting services by Finance Company to the Group under the 2015 Group Financial Services Agreement for each of the two years ended 31 December 2015 and 31 December 2016, and the nine months ended 30 September 2017:

	<b>For the year ended</b>		<b>For the</b>
	<b>31 December</b>		<b>nine months</b>
	<b>2015</b>	<b>2016</b>	<b>ended</b>
			<b>30 September</b>
			<b>2017</b>
Maximum daily outstanding balance of funds provided by Finance Company to the Group for bill discounting services (including interest accrued thereon)	RMB0 million	RMB0 million	RMB130 million



As disclosed in the circular of the Company dated 31 August 2015, the Company planned to promote the use of online commercial bill services. However, as Finance Company only obtained the necessary regulatory authorisations from the PBOC under the Measures for the Administration of the Business of Electronic Commercial Draft (電子商業匯票業務管理辦法) for conducting electronic bill discounting services in May 2017, it did not provide any bill discounting services to the Group for the two years ended 31 December 2016.

The maximum daily outstanding balance of funds (including interest accrued thereon) in relation to the provision of bill discounting services by Finance Company to the Group for the year ending 31 December 2017 contemplated under the 2015 Group Financial Services Agreement is RMB1,000 million which has not been exceeded as at the date of this announcement and is not expected to be exceeded before 31 December 2017.

### Loan Services

The table below sets forth the maximum outstanding loan amount at any one point in time provided by Finance Company to the Group (including interest accrued thereon) under the 2015 Group Financial Services Agreement for each of the two years ended 31 December 2015 and 31 December 2016, and the nine months ended 30 September 2017:

	For the year ended		For the
	31 December		nine months
	2015	2016	ended
			30 September
			2017
Maximum outstanding loan amount provided by Finance Company to the Group (including interest accrued thereon)	RMB474.7 million	RMB1,961.3 million	RMB1,496.9 million

The maximum outstanding loan amount at any one point in time provided by Finance Company to the Group (including interest accrued thereon) for the year ending 31 December 2017 contemplated under the 2015 Group Financial Services Agreement is RMB8,000 million which has not been exceeded as at the date of this announcement and is not expected to be exceeded before 31 December 2017.

### Settlement Services

The service fees paid by the Group to Finance Company for the provision of settlement services by Finance Company to the Group under the 2015 Group Financial Services Agreement for each of the two years ended 31 December 2015 and 31 December 2016, and the nine months ended 30 September 2017 fell within the *de minimis* threshold stipulated under Rule 14A.76 of the Listing Rules as the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of such service fees is less than 0.1% during the above mentioned period. It is expected that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of such service fees to be paid by the Group to Finance Company for the entire year ending 31 December 2017 will not exceed 0.1%.

## PROPOSED ANNUAL CAPS

### Deposit Services

The maximum daily outstanding balance of deposits (including interest accrued thereon) in relation to the provision of deposit services by Finance Company to the Group pursuant to the 2017 Group Financial Services Agreement for each of the three years ending 31 December 2020 are as follows:

	For the year ending 31 December		
	2018	2019	2020
Maximum daily outstanding balance of deposits placed by the Group with Finance Company (including interest accrued thereon)	RMB5,500 million	RMB7,000 million	RMB8,500 million

The above amounts are arrived at after considering the following factors:

1. The level of cashflow of the Company and its subsidiaries in the past, for example, the cash and cash equivalent of the Company and its subsidiaries as at 31 December 2014, 31 December 2015 and 31 December 2016 were approximately RMB1,254 million, RMB2,033 million and RMB1,438 million, respectively. The average level of cashflow for the past three financial years ended 31 December 2016 is approximately RMB1,575 million.
2. The expected increase in deposit of the Company and its subsidiaries in the three years ending 31 December 2020 resulting from the expected increase in cashflow of the Company and its subsidiaries resulting from the possible implementation of financing plan of the Company in the ensuing three years, including the possible issue of corporate bonds, renewable corporate bonds and/or super-short-term notes, etc.

According to the possible financing plan of the Company, the expected capital to be raised by the Company through possible issue of corporate bonds, renewable corporate bonds and/or super-short-term notes are RMB2,600 million, RMB4,000 million and RMB8,000 million for each of the three financial years ending 31 December 2020, respectively, which is expected to bring an increase in cash inflow for the Company.

3. As Finance Company increases its service capacity, enhances its social credibility and enlarges its business scope in the future, it may be qualified to carry out more businesses, such as cross-border funding, hedging and other businesses. If the relevant business qualifications are approved, the offshore capital collection and margin business will increase, and thus resulting in a rise of the Company's maximum daily outstanding balance of deposit in Finance Company.
4. The expected increasing level of deposit of the Group every year as a result of the increasing scale of assets of the Group in the ensuing three years.

As a result of the factors set out in (2) to (4) above, there is an increasing trend for the maximum daily outstanding balance of deposit for the three years ending 31 December 2020.

## Bill Discounting Services

The maximum daily outstanding balance of funds (including interest accrued thereon) in relation to the provision of bill discounting services by Finance Company to the Group pursuant to the 2017 Group Financial Services Agreement for the three years ending 31 December 2020 are as follows:

	For the year ending 31 December		
	2018	2019	2020
Maximum daily outstanding balance of funds provided by Finance Company to the Group for bill discounting services (including interest accrued thereon)	RMB1,500 million	RMB2,000 million	RMB2,500 million

The above amounts are arrived at after considering the business plan of the Group to fully utilize the electronic bill discounting system of Finance Company, the anticipated level of bill discounting services required by the Group for the three years ending 31 December 2020 and the anticipated available balance of Finance Company to provide bill discounting services to the Group.

As disclosed in the circular of the Company dated 31 August 2015, the Company planned to promote the use of online commercial bill services. However, as Finance Company only obtained the necessary regulatory authorisations from the PBOC under the Measures for the Administration of the Business of Electronic Commercial Draft (電子商業匯票業務管理辦法) for conducting electronic bill discounting services in May 2017, it did not provide any bill discounting services to the Group for the two years ended 31 December 2016. Following the obtaining of the relevant regulatory authorisations, the methods for settlement of debt between Finance Company and the Group will be gradually changed from cash settlement to settlement by electronic bill discounting since under the policy of the PBOC, the use of electronic bill discounting enables Finance Company to obtain a lower interest rate in re-discounting or forward-discounting of the electronic bills, so that the Finance Company lowers its financing cost and provides bill discounting services to the Group in a more cost-efficient manner. Hence, the maximum daily outstanding balance of funds provided by Finance Company to the Group for bill discounting services (including interest thereon) already reached approximately RMB130 million for the few months ended 30 September 2017 since Finance Company obtained the necessary regulatory authorisations in May 2017.

As at 31 October 2017, Finance Company has an available balance of RMB810 million to provide bill discounting services. It is expected that such balance amount will reach RMB1,000 million by 31 December 2017 and will reach RMB1,500 million, RMB2,000 million and RMB2,500 million for the three years ended 31 December 2020, respectively.

Taking into account the increasing use of bill discounting services to provide funding to the Group and the availability of Finance Company to provide such services, it is expected that there is an increasing trend for the maximum daily outstanding balance of funds to be provided by Finance Company to the Group for the three years ending 31 December 2020.

## **Loan Services**

The provision of loan services by Finance Company to the Group under the 2017 Group Financial Services Agreement constitutes a form of financial assistance under the Listing Rules. Given that such financial assistance is on normal commercial terms similar to or even more favourable than those offered by independent third parties for comparable services in the PRC which is not secured by the assets of the Group, it is exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company expects that the maximum outstanding loan amount at any one point in time provided by Finance Company to the Group (including interest accrued thereon) under the 2017 Group Financial Services Agreement for each of the three years ending 31 December 2020 shall not exceed RMB6,000 million, RMB7,500 million and RMB9,000 million, respectively.

## **Settlement Services**

The Company expects that all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual caps in respect of the service fees payable by the Group to Finance Company for the provision of settlement services by Finance Company to the Group under the 2017 Group Financial Services Agreement are less than 0.1%. Accordingly, the service fees payable by the Group to Finance Company in respect of the settlement services to be provided by Finance Company under the 2017 Group Financial Services Agreement are exempt from all reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will comply with the applicable reporting, announcement and Independent Shareholders' approval requirements of the Listing Rules if the service fees for the settlement services to be provided by Finance Company to the Group under the 2017 Group Financial Services Agreement exceed the relevant threshold.

## **(II) 2017 PARENT GROUP FINANCIAL SERVICES AGREEMENT**

### ***Date:***

14 November 2017

### ***Parties:***

- (1) Shandong Zhaojin
- (2) Finance Company

### ***Term:***

1 January 2018 to 31 December 2020

The 2017 Parent Group Financial Services Agreement becomes effective when it is duly signed by the legal representatives or authorized agent of the parties and affixed with their respective company chops. The provision of deposit acceptance services, bill discounting services and loan services under the 2017 Parent Group Financial Services Agreement by Finance Company to the Shandong Zhaojin Group are subject to the approval of the Independent Shareholders at the EGM.

***Major Terms:***

- (1) Finance Company agreed to provide the following major services to Shandong Zhaojin and its subsidiaries which satisfy the members qualifications, i.e., any companies which Shandong Zhaojin has more than 51% equity interest (the “**Zhaojin Controlled Corporations**”); any companies which Shandong Zhaojin and the Zhaojin Controlled Corporations individually or collectively hold(s) more than 20% equity interest or any companies which Shandong Zhaojin and the Zhaojin Controlled Corporations individually or collectively hold(s) less than 20% but being the single largest shareholder of such companies; the institutional entity or social organization legal persons of Shandong Zhaojin and the Zhaojin Controlled Corporations:
- i. financial and financing consultation, credit certification and other relevant advisory and agency services;
  - ii. funds receipt services;
  - iii. provision of guarantees;
  - iv. entrusted loans and entrusted investment services;
  - v. bill discounting services;
  - vi. settlement services and settlement proposal design services;
  - vii. deposit services;
  - viii. loans and finance leasing services;
  - ix. approved insurance agency services;
  - x. consumer credit, buyer credits and financial leasing services of the products of Shandong Zhaojin Group;
  - xi. underwriting services for corporate bonds; and
  - xii. other financial services as approved by the CBRC.

The services numbered (i) to (viii) above can be provided by Finance Company immediately and the services numbered (ix) to (xi) above can be provided by Finance Company one year after its incorporation upon approval by the Shandong Bureau of the CBRC.

- (2) Shandong Zhaojin shall choose Finance Company to provide settlement services to the Shandong Zhaojin Group and the service fees for the provision of settlement services to be charged by Finance Company shall be determined according to the negotiation between the parties with reference to the service fees charged by other independent major commercial banks for the provision of same services in the PRC and the service fees to be charged shall not be lower than the service fees charged by Finance Company for the provision of same services to other parties.
- (3) Shandong Zhaojin shall choose Finance Company to provide deposit services to the Shandong Zhaojin Group and the deposit services and deposit products to be provided by Finance Company to the Shandong Zhaojin Group shall comply with the requirements of the PBOC (*Note*). The interest rate for the deposit paid by Finance Company shall be determined according to the negotiation between the parties with reference to the interest rate offered by other independent major commercial banks for the provision of same deposit services in the PRC and the interest rate to be offered shall not be higher than the interest rate paid by Finance Company for the provision of the same services to other parties.

*Note:* According to the requirements under the “Measures for the Administration of Finance Companies of Enterprise Groups” issued by the CBRC, Finance Company shall abide by the provisions on administration of interest rates of the PBOC. The interest rate on the deposit acceptance services provided by Finance Company shall be based on the benchmark interest rate promulgated by the PBOC. Such interest rate shall not exceed the range of deposit interest rate promulgated by the PBOC from time to time, i.e., any adjustment on the interest rate offered by Finance Company shall be within the interest rate offered by the PBOC on comparable deposit.

- (4) Shandong Zhaojin shall choose Finance Company to provide financing (including bill discounting) services to the Shandong Zhaojin Group and the interest rate for the financing (including bill discounting) services provided by Finance Company shall be determined according to the negotiation between the parties with reference to the interest rate offered by other independent major commercial banks for the provision of same financing (including bill discounting) services in the PRC. The interest rate for the provision of financing (including bill discounting) services to be charged by Finance Company shall not be lower than the interest rate charged by Finance Company for the provision of same level of financing (including bill discounting) services to other parties.
- (5) The 2017 Parent Group Financial Services Agreement is only a framework agreement and the parties shall enter into specific contracts setting out specific terms about the service arrangement in relation to the services to be provided under the 2017 Parent Group Financial Services Agreement provided that such specific contracts shall be consistent with the principles and terms of the 2017 Parent Group Financial Services Agreement.

In respect of those financial services (apart from deposit services, loan and guarantee services, bill discounting and settlement services) to be provided under the 2017 Parent Group Financial Services Agreement, the Company will comply with the applicable reporting, announcement and Independent Shareholders’ approval requirements of the Listing Rules as and when the relevant contracts for the provision of such services are entered into.

(6) Capital Risks Control Measures:

- i. Finance Company will ensure the safe and stable operation of the funds management system, which has undergone the security test in respect of connection to online commercial banking system and has reached the national security standards for commercial banks to ensure the security of the funds of the Shandong Zhaojin Group.
- ii. Finance Company will ensure that it is in strict compliance with the risk monitoring indicators for financial institutions issued by the CBRC and that its major regulatory indicators such as gearing ratio, interbank borrowing ratio and liquidity ratio will also comply with the requirements of the CBRC.
- iii. Finance Company will monitor the transactions under the 2017 Parent Group Financial Services Agreement and ensure that the transaction amount will not exceed the relevant annual caps under the 2017 Parent Group Financial Services Agreement.
- iv. A monthly report of Finance Company and a “comprehensive table of continuing connected transactions” of the preceding month will be delivered by Finance Company to the Company and Shandong Zhaojin before the tenth day of each month so that the Company and Shandong Zhaojin can monitor and ensure the relevant transaction amounts will not exceed its respective annual caps.

#### **INTERNAL CONTROL ON PRICING**

The interest rates for the provision of deposit services, loan services and bill discounting services and the service fees for the provision of settlement services have been determined after taking into account the interest rates and service fees charged by/offered by other independent major commercial banks and financial institutions in the PRC for provision of similar loan services, deposit services, bill discounting and settlement services.

The Company has adopted stringent internal control policies for the service dealings between the Shandong Zhaojin Group and Finance Company. The finance department of the Company will compare the interest rates on deposits, loans and bill discounting and the service fees charged for settlement services offered by Finance Company to the Shandong Zhaojin Group with those offered by Finance Company to other parties.

The Company’s finance department will review the relevant interest rates and fees on a regular basis to ensure due observance and performance of the 2017 Parent Group Financial Services Agreement.

By adopting the above measures, the Company can ensure that (i) the interest rates provided on deposits placed by the Shandong Zhaojin Group will not be higher than those to be provided by Finance Company to other parties for comparable deposits; and (ii) the interest rates on loans, bill discounting and service fees charged by Finance Company will not be lower than those to be charged by Finance Company to other parties for the provision of comparable loans and services.

## HISTORICAL TRANSACTION AMOUNT

### Deposit Services

The table below sets forth the maximum daily outstanding balance of deposits (including interest accrued thereon) in relation to the provision of deposit services by Finance Company to the Shandong Zhaojin Group under the 2015 Parent Group Financial Services Agreement for each of the two years ended 31 December 2015 and 31 December 2016, and the nine months ended 30 September 2017:

	<b>For the year ended</b>		<b>For the</b>
	<b>31 December</b>		<b>nine months</b>
	<b>2015</b>	<b>2016</b>	<b>ended</b>
			<b>30 September</b>
			<b>2017</b>
Maximum daily outstanding balance of deposits placed by the Shandong Zhaojin Group with Finance Company (including interest accrued thereon)	RMB405.2 million	RMB1,898.9 million	RMB1,096.2 million

The maximum daily outstanding balance of deposits (including interest accrued thereon) in relation to the provision of deposit services by Finance Company to the Shandong Zhaojin Group for the year ending 31 December 2017 contemplated under the 2015 Parent Group Financial Services Agreement is RMB3,000 million which has not been exceeded as at the date of this announcement and is not expected to be exceeded before 31 December 2017.

### Bill Discounting Services

The table below sets forth the maximum daily outstanding balance of funds (including interest accrued thereon) in relation to the provision of bill discounting services by Finance Company to the Shandong Zhaojin Group under the 2015 Parent Group Financial Services Agreement for each of the two years ended 31 December 2015 and 31 December 2016, and the nine months ended 30 September 2017:

	<b>For the year ended</b>		<b>For the</b>
	<b>31 December</b>		<b>nine months</b>
	<b>2015</b>	<b>2016</b>	<b>ended</b>
			<b>30 September</b>
			<b>2017</b>
Maximum daily outstanding balance of funds provided by Finance Company to the Shandong Zhaojin Group for bill discounting services (including interest accrued thereon)	RMB0 million	RMB59.98 million	RMB400 million



As disclosed in the circular of the Company dated 31 August 2015, the Shandong Zhaojin Group planned to promote the use of online commercial bill services. However, as Finance Company only obtained the necessary regulatory authorisations from the PBOC under the Measures for the Administration of the Business of Electronic Commercial Draft (電子商業匯票業務管理辦法) for conducting electronic bill discounting services in May 2017, it did not provide any bill discounting services to the Shandong Zhaojin Group for the year ended 31 December 2015 and provided some paper bill discounting services to Shandong Zhaojin Group for the year ended 31 December 2016.

The maximum daily outstanding balance of funds (including interest accrued thereon) in relation to the provision of bill discounting services by Finance Company to the Shandong Zhaojin Group for the year ending 31 December 2017 contemplated under the 2015 Parent Group Financial Services Agreement is RMB1,000 million which has not been exceeded as at the date of this announcement and is not expected to be exceeded before 31 December 2017.

### Loan Services

The table below sets forth the maximum outstanding loan amount at any one point in time provided by Finance Company to the Shandong Zhaojin Group (including interest accrued thereon) under the 2015 Parent Group Financial Services Agreement for each of the two years ended 31 December 2015 and 31 December 2016, and the nine months ended 30 September 2017:

	<b>For the year ended</b>		<b>For the</b>
	<b>31 December</b>		<b>nine months</b>
	<b>2015</b>	<b>2016</b>	<b>ended</b>
			<b>30 September</b>
			<b>2017</b>
Maximum outstanding loan amount provided by Finance Company to the Shandong Zhaojin Group (including interest accrued thereon)	RMB363.5 million	RMB1,877.0 million	RMB927.7 million

The maximum outstanding loan amount at any one point in time provided by Finance Company to the Shandong Zhaojin Group (including interest accrued thereon) for the year ending 31 December 2017 contemplated under the 2015 Parent Group Financial Services Agreement is RMB8,000 million which has not been exceeded as at the date of this announcement and is not expected to be exceeded before 31 December 2017.

### Settlement Services

The service fees paid by the Shandong Zhaojin Group to Finance Company for the provision of settlement services by Finance Company to the Shandong Zhaojin Group under the 2015 Group Financial Services Agreement for each of the two years ended 31 December 2015 and 31 December 2016, and nine months ended 30 September 2017 fell within the *de minimis* threshold stipulated under Rule 14A.76 of the Listing Rules as the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of such service fees is less than 0.1% during the above mentioned

period. It is expected that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of such service fees to be paid by the Shandong Zhaojin Group to Finance Company for the entire year ending 31 December 2017 will not exceed 0.1%.

## PROPOSED ANNUAL CAPS

### Deposit Services

The maximum daily outstanding balance of deposits (including interest accrued thereon) in relation to the provision of deposit services by Finance Company to the Shandong Zhaojin Group pursuant to the 2017 Parent Group Financial Services Agreement for the three years ending 31 December 2020 are as follows:

	For the year ending 31 December		
	2018	2019	2020
Maximum daily outstanding balance of deposits placed by Shandong Zhaojin Group with Finance Company (including interest accrued thereon)	RMB6,000 million	RMB7,000 million	RMB9,000 million

The above amounts are arrived at after considering the following factors:

- (1) The level of cashflow of Shandong Zhaojin and its subsidiaries in the past, for example, the cash and cash equivalent of Shandong Zhaojin and its subsidiaries as at 31 December 2014, 31 December 2015 and 31 December 2016 were approximately RMB3,684 million, RMB3,369 million and RMB3,246 million, respectively. The average level of cashflow for the past three financial years ended 31 December 2016 is approximately RMB3,433 million.
- (2) The expected increase in deposit of Shandong Zhaojin and its subsidiaries in the three years ending 31 December 2020 resulting from the expected increase in cashflow of Shandong Zhaojin and its subsidiaries resulting from the possible implementation of financing plan of Shandong Zhaojin and its subsidiaries in the ensuing three years, including the possible issue of corporate bonds, medium-term notes and/or super-short-term notes, etc.

According to the possible financing plan of Shandong Zhaojin, the expected capital to be raised by Shandong Zhaojin through possible issue of corporate bonds, medium-term notes and/or super-short-term notes are RMB1,200 million, RMB2,000 million and RMB6,000 million for the three financial years ending 31 December 2020, respectively, which is expected to bring an increase in cash inflow to Shandong Zhaojin.

- (3) As Finance Company increases its service capacity, enhances its social credibility and enlarges its business scope in the future, it may be qualified to carry out more businesses, such as cross-border funding, hedging and other businesses. If the relevant business qualifications are approved, the offshore capital collection and margin business will increase, and ultimately resulting in a rise of Shandong Zhaojin's maximum daily outstanding balance of deposit in Finance Company.

- (4) The expected increasing level of deposit of Shandong Zhaojin and its subsidiaries every year as a result of the increasing scale of assets of Shandong Zhaojin and its subsidiaries in the ensuing three years.

As a result of the factors set out in (2) to (4) above and considering the relevant pool rate of approximately 50% (*Note*) of Shandong Zhaojin, there is an increasing trend for the maximum daily outstanding balance of deposit for the three years ending 31 December 2020.

*Note:* Pool rate is arrived at by dividing the amount of deposit of the member companies of Shandong Zhaojin Group in Finance Company with the total cash and cash equivalents of Shandong Zhaojin Group.

In accordance with the relevant requirements of the Banking Regulatory Commission of Shandong Province, the pool rate of financial companies or institutions in Shandong Province shall not be lower than 50%. Pursuant to the “Finance Companies of Enterprises Groups risk assessment grading operation checklist” (《企業集團財務公司風險評分操作表》), financial companies with pool rate of approximately 60% may be awarded with better year end assessment results by the relevant authority and is beneficial for Finance Company to apply for operation of new business from CBRC.

### Bill Discounting Services

The maximum daily outstanding balance of funds (including interest accrued thereon) in relation to the provision of bill discounting services by Finance Company to the Shandong Zhaojin Group pursuant to the 2017 Parent Group Financial Services Agreement for the three years ending 31 December 2020 are as follows:

	<b>For the year ending 31 December</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
Maximum daily outstanding balance of funds provided by Finance Company to the Shandong Zhaojin Group for bill discounting services (including interest accrued thereon)	RMB1,500 million	RMB2,000 million	RMB2,500 million

The above amounts are arrived at after considering the business plan of the Shandong Zhaojin Group to fully utilize the electronic bill discounting system of Finance Company, the anticipated level of bill discounting services required by the Shandong Zhaojin Group for the three years ending 31 December 2020 and the anticipated available balance of Finance Company to provide bill discounting services to the Group.

As disclosed in the circular of the Company dated 31 August 2015, the Shandong Zhaojin Group planned to promote the use of online commercial bill services. However, as Finance Company only obtained the necessary regulatory authorisations from the PBOC under the Measures for the Administration of the Business of Electronic Commercial Draft (電子商業匯票業務管理辦法) for conducting electronic bill discounting services in May 2017, it did not provide any bill discounting services to the Shandong Zhaojin Group for the year ended 31 December 2015 and provided some paper bill discounting services to Shandong Zhaojin Group for the year ended 31 December 2016. Following the obtaining of the relevant regulatory authorisations, the methods for settlement of debt between Finance Company and Shandong Zhaojin Group will be gradually changed from cash settlement to settlement by electronic bill discounting since under the policy of the PBOC, the use of electronic bill

discounting enables the Finance Company to obtain a lower interest rate in re-discounting or forward-discounting of the electronic bills, so that the Finance Company lowers its financing cost and provides bill discounting services to Shandong Zhaojin Group in a more cost-efficient manner. Hence, the maximum daily outstanding balance of funds provided by Finance Company to the Shandong Zhaojin Group for bill discounting services (including interest thereon) already reached approximately RMB400 million for the few months ended 30 September 2017 since Finance Company obtained the necessary regulatory authorisations in May 2017.

As at 31 October 2017, Finance Company has an available balance of RMB810 million to provide bill discounting services. It is expected that such balance amount will reach RMB1,000 million by 31 December 2017 and will reach RMB1,500 million, RMB2,000 million and RMB2,500 million for the three years ended 31 December 2020, respectively.

Taking into account the increasing use of bill discounting services to provide funding to the Shandong Zhaojin Group and the availability of Finance Company to provide such services, it is expected that there is an increasing trend for the maximum daily outstanding balance of funds to be provided by Finance Company to the Shandong Zhaojin Group for the three years ending 31 December 2020.

### **Loan Services**

The maximum outstanding loan amount at any one point in time to be provided by Finance Company to the Shandong Zhaojin Group (including interest accrued thereon) pursuant to the 2017 Parent Group Financial Services Agreement for the three years ending 31 December 2020 are as follows:

	<b>For the year ending 31 December</b>		
	<b>2018</b>	<b>2019</b>	<b>2020</b>
Maximum outstanding loan amount provided by Finance Company to the Shandong Zhaojin Group (including interest accrued thereon)	RMB4,000 million	RMB4,500 million	RMB6,000 million

The above amounts are arrived at after considering the level of loan and financing services required by the Shandong Zhaojin Group in view of the development and operation plan of the Shandong Zhaojin Group in the three years ending 31 December 2020. According to the 13th five-year plan of Shandong Zhaojin, Shandong Zhaojin will focus on investment in internet, finance and logistics industries, construction of intelligent mine and intelligent city, improvement and upgrading work of technology and equipment, and real estates and other related businesses in the coming three years.

In 2018, the maximum outstanding amount of loan to be obtained by the Shandong Zhaojin Group from Finance Company is RMB4,000 million. It is expected that Shandong Zhaojin Group will use (i) approximately RMB2,500 million of the loan for repayment of due borrowing; (ii) approximately RMB200 million of the loan for the conduction of water treatment cooperation project by its subsidiaries and for the upgrading of production facilities; (iii) approximately RMB300 million of the loan for Yinlou Building Project and Zhaojin Building Project; and (iv) approximately RMB1,000 million of the loan as replenishment of liquid capital.

In 2019, the maximum outstanding amount of loan to be obtained by the Shandong Zhaojin Group from Finance Company is RMB4,500 million. It is expected that Shandong Zhaojin Group will use (i) approximately RMB500 million of the loan for the business expansion of its subsidiaries in finance sector; (ii) approximately RMB300 million of the loan as investment fund of real estate development projects; (iii) approximately RMB2,700 million of the loan for repayment of due borrowing; and (iv) approximately RMB1,000 million of the loan as replenishment of liquid capital.

In 2020, the maximum outstanding amount of loan to be obtained by the Shandong Zhaojin Group from Finance Company is RMB6,000 million. It is expected that Shandong Zhaojin Group will use (i) approximately RMB200 million of the loan as fund of real estate development projects; (ii) approximately RMB300 million of the loan as fund of the Gold Vocational College Project (Phase II); (iii) approximately RMB500 million of the loan as investment fund for development of overseas mines investment and gold concentrates import projects; (iv) approximately RMB4,000 million of the loan for repayment of due borrowing; and (v) approximately RMB1,000 million of the loan as replenishment of liquid capital.

As a result of the factors set out above, there is an increasing trend of the annual caps for loan services to be provided by Finance Company to the Shandong Zhaojin Group for the three years ending 31 December 2020.

### **Settlement Services**

The Company expects that all of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) of the proposed annual caps in respect of the service fees payable by the Shandong Zhaojin Group to Finance Company for the provision of settlement services by Finance Company to the Shandong Zhaojin Group under the 2017 Parent Group Financial Services Agreement to be less than 0.1%. Accordingly, the service fees payable by the Shandong Zhaojin Group to Finance Company in respect of the settlement services to be provided by Finance Company under the 2017 Parent Group Financial Services Agreement are exempt from all reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company will comply with the applicable reporting, announcement and Independent Shareholders' approval requirements of the Listing Rules if the service fees for the settlement services to be provided by Finance Company to the Shandong Zhaojin Group under the 2017 Parent Group Financial Services Agreement exceed the relevant threshold.

### **REASONS FOR AND BENEFITS OF ENTERING INTO THE 2017 GROUP FINANCIAL SERVICES AGREEMENT AND THE 2017 PARENT GROUP FINANCIAL SERVICES AGREEMENT**

1. The interest rate to be charged by/offered by Finance Company for the provision of deposit, bill discounting services and loans to the Group will be similar to or even more favourable than those charged by/offered by other major commercial banks in the PRC;

2. Finance Company will provide the Group and the Shandong Zhaojin Group with an advanced capital and settlement platform and high-quality fund settlement services. Through the Finance Company's online fund settlement system, the Group and the Shandong Zhaojin Group need not pay most of the fees to other commercial banks for such services, thus resulting in lower settlement and banking costs.
3. With the entry into the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement, the Group and Shandong Zhaojin Group will be able to centralize control and management of their financial resources, promote wider uses and effective management of capital and accelerate capital turnover, so as to reduce the transaction costs and financial expenses, and further enhance the utilization of returns on capital. Meanwhile, diverse services can be provided under the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement to satisfy the business needs of the Group and the Shandong Zhaojin Group.
4. Finance Company is a non wholly-owned subsidiary of the Company and the financial services it currently carries out will contribute to the Company in terms of revenue increase and new profit growth points.
5. Subject to supervision and regulation of the PBOC and the CBRC, Finance Company is a non-bank financial institute and provides services in accordance with rules and operation provisions of such regulatory bodies. In addition, capital risks may be reduced through risk control measures as stipulated in the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement.

#### **DIRECTORS' VIEW**

The Directors (excluding the independent non-executive Directors whose views will be contained in the circular after considering the advice from the independent financial adviser) are of the view that the terms of the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement are fair and reasonable, have been entered into after arm's length negotiation between all parties thereto and determined on normal commercial terms in ordinary and usual course of business and are in the interests of the Company and its Shareholders as a whole and that the relevant annual cap amounts are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

#### **BOARD'S APPROVAL**

The Board has approved the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement. None of the Directors has any material interests in the proposed transactions under the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement. Mr. Weng Zhanbin and Mr. Li Shousheng, being management personnel of Shandong Zhaojin, had abstained from voting at the Board meeting for approving the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement.

## **INFORMATION ON THE PARTIES**

The Company is principally engaged in gold exploration, mining, ore processing and smelting, as well as processing and sale of by-products in the PRC.

Shandong Zhaojin is principally engaged in gold exploration, mining and refinery business, as well as investing in gold exploration, mining, smelting and refinery, and other gold-related industries.

The Finance Company, a non wholly-owned subsidiary of the Company, is a limited liability company established in the PRC on 1 July 2015 and is operating in accordance with the Measures for the Administration of Finance Companies of Enterprise Groups as well as other applicable PRC laws and regulations. It is principally engaged in, among others, providing internal financial services to the Group and the Shandong Zhaojin Group. The Finance Company is a PRC non-bank financial institution and is regulated by the CBRC.

## **LISTING RULES IMPLICATIONS UNDER THE 2017 GROUP FINANCIAL SERVICES AGREEMENT AND THE 2017 PARENT GROUP FINANCIAL SERVICES AGREEMENT**

As at the date of this announcement, Shandong Zhaojin is the controlling shareholder of the Company and is therefore a connected person of the Company. Finance Company, being a non wholly-owned subsidiary of the Company held as to 40% by Shandong Zhaojin, is also a connected person of the Company given that it is a connected subsidiary of the Company and also an associate of Shandong Zhaojin. Accordingly, the transactions contemplated under the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

### **2017 Group Financial Services Agreement**

#### ***Deposit Services and Bill Discounting Services***

Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of each of (i) the maximum daily outstanding balance of deposits (including interest accrued thereon) in relation to the provision of deposit services by Finance Company to the Group; and (ii) the maximum daily outstanding balance of funds (including interest accrued thereon) in relation to the provision of bill discounting services by Finance Company to the Group under the 2017 Group Financial Services Agreement is more than 25%, respectively, the provision of deposit services and bill discounting services under the 2017 Group Financial Services Agreement constitutes (i) major transactions subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) non-exempt continuing connected transactions subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### ***Loan Services***

The provision of loan services by Finance Company to the Group under the 2017 Group Financial Services Agreement constitutes a form of financial assistance under the Listing Rules. Given that such financial assistance is on normal commercial terms similar to or even more favourable than those offered by independent third parties for comparable services in the PRC which is not secured by the assets of the Group, it is exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### ***Settlement Services***

Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the service fees payable by the Group to Finance Company for the provision of settlement services by Finance Company to the Group under the 2017 Group Financial Services Agreement is less than 0.1%, the provision of settlement services under the 2017 Group Financial Services Agreement is exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **2017 Parent Group Financial Services Agreement**

#### ***Deposit Services, Bill Discounting Services and Loan Services***

Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of each of (i) the maximum daily outstanding balance of deposits (including interest accrued thereon) in relation to the provision of deposit services by Finance Company to the Shandong Zhaojin Group; (ii) the maximum daily outstanding balance of funds (including interest accrued thereon) in relation to the provision of bill discounting services by Finance Company to the Shandong Zhaojin Group; and (iii) the maximum outstanding loan amount at any one point in time that may be provided by Finance Company to the Shandong Zhaojin Group under the 2017 Parent Group Financial Services Agreement is more than 25%, respectively, the provision of deposit services and loan services under the 2017 Parent Group Financial Services Agreement constitute (i) major transactions subject to the reporting, announcement and Shareholders' approval requirements under Chapter 14 of the Listing Rules; and (ii) non-exempt continuing connected transactions subject to the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

#### ***Settlement Services***

Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the service fees payable by the Shandong Zhaojin Group to Finance Company for the provision of settlement services by Finance Company to the Shandong Zhaojin Group under the 2017 Parent Group Financial Services Agreement is less than 0.1%, the provision of settlement services under the 2017 Parent Group Financial Services Agreement is exempt from the reporting, annual review, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.



## **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee has been formed to advise the Independent Shareholders in connection with the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement.

Trinity Corporate Finance Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement.

## **DESPATCH OF CIRCULAR**

A circular containing, among other matters, a letter of advice from each of the Independent Board Committee and the Independent Financial Adviser in respect of the terms of the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement will be despatched to the Shareholders in compliance with the Listing Rules. As additional time is required by the Company to prepare the information to be included in the circular, it is expected that the circular will be despatched to the Shareholders on or before 12 December 2017. If there is expected to be a delay in the despatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of despatch of the circular.

## **DEFINITIONS**

“2015 Group Financial Services Agreement”	the financial services agreement dated 17 July 2015 entered into between the Company and Finance Company for the provision of various financial services by Finance Company to the Group
“2015 Parent Group Financial Services Agreement”	the financial services agreement dated 17 July 2015 entered into between Shandong Zhaojin and Finance Company for the provision of various financial services by Finance Company to Shandong Zhaojin Group
“2017 Group Financial Services Agreement”	the financial services agreement dated 14 November 2017 entered into between the Company and Finance Company for the provision of various financial services
“2017 Parent Group Financial Services Agreement”	the financial services agreement dated 14 November 2017 entered into between Shandong Zhaojin and Finance Company for the provision of various financial services
“associate”	has the meaning ascribed to it under the Listing Rules

“Board”	the board of Directors of the Company
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“Company”	Zhaojin Mining Industry Company Limited* (招金礦業股份有限公司) (Stock Code: 1818), a joint stock limited company incorporated in the PRC on 16 April 2004 and the H Shares of which are listed on the main board of Hong Kong Stock Exchange
“connected subsidiary”	has the meaning ascribed to it under the Listing Rules
“Directors”	the director(s) of the Company
“Domestic Share(s)”	domestic share(s) of nominal value of RMB1.00 each in the share capital of the Company
“EGM”	the 2017 second extraordinary general meeting to be held by the Company at the conference room in Zhaojin Shunhe Hotel, Zhaoyuan City, Shandong Province, the PRC at 9:00 a.m. on Friday, 29 December 2017 to, amongst others, consider and approve the deposit and bills discounting services under the 2017 Group Financial Services Agreement and the deposit, loan and bills discounting services under the 2017 Parent Group Financial Services Agreement and their respective annual caps
“Finance Company”	Shandong Zhaojin Finance Company Limited (山東招金集團財務有限公司), a non wholly-owned subsidiary of the Company, details of which please refer to the section headed “INFORMATION ON THE PARTIES”
“Group”	the Company and its subsidiaries which satisfy the members qualifications under the 2017 Group Financial Services Agreement
“H-Share(s)”	overseas listed foreign share(s) of the Company with a nominal value of RMB1.00 each in the share capital of the Company, listed on the main board of the Stock Exchange and traded in Hong Kong dollars
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Independent Board Committee”	the independent board committee of the Company, comprising four independent non-executive Directors, and each of them does not have any material interest in the 2017 Parent Group Financial Services Agreement and the 2017 Group Financial Services Agreement
“Independent Financial Adviser”	Trinity Corporate Finance Limited being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the provision of deposit services and bill discounting services under the 2017 Group Financial Services Agreement (including the relevant proposed annual caps) and the deposit services, loan services and bill discounting services under the 2017 Parent Group Financial Services Agreement (including the relevant proposed annual caps)
“Independent Shareholders”	Shareholders other than (i) Shandong Zhaojin and its associates; and (ii) those with a material interest in the transactions contemplated under the 2017 Group Financial Services Agreement and the 2017 Parent Group Financial Services Agreement, if any
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PBOC”	People’s Bank of China
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance (Chapter 571, of the laws of Hong Kong)
“Shandong Zhaojin”	Shandong Zhaojin Company Limited (山東招金集團有限公司), the controlling shareholder of the Company, details of which please refer to the section headed “INFORMATION ON THE PARTIES”
“Shandong Zhaojin Group”	Shandong Zhaojin and its subsidiaries which satisfy the members qualifications under the 2017 Parent Group Financial Services Agreement
“Shareholders”	shareholders of the Company

“Shares” ordinary shares of RMB1.00 each in the share capital of the Company, comprising Domestic Shares and H-Shares

“subsidiary(ies)” has the meaning ascribed thereto in the Listing Rules

By order of the Board  
**Zhaojin Mining Industry Company Limited**  
*Chairman*  
**Weng Zhanbin**

Zhaoyuan, China, 14 November 2017

As at the date of this announcement, the Board comprises:

*Executive Directors:* Mr. Weng Zhanbin, Mr. Li Xiuchen and Mr. Cong Jianmao

*Non-executive Directors:* Mr. Liang Xinjun, Mr. Li Shousheng, Mr. Xu Xiaoliang and Mr. Gao Min

*Independent non-executive Directors:* Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Wei Junhao and Mr. Shen Shifu

\* For identification purpose only