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**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  
DISCLOSEABLE TRANSACTION  
CORNERSTONE INVESTMENT AGREEMENT**

The Board is pleased to announce that on 13 September 2018, Sparky International (a wholly-owned subsidiary of the Company) as an investor entered into the Cornerstone Investment Agreement with, amongst other parties, Shandong Gold Mining as the issuer, pursuant to which Sparky International has agreed to subscribe for the Investor Shares at the Offer Price. The Aggregate Subscription Price payable by Sparky International is expected to be no more than US\$50 million (exclusive of the Brokerage and the Levies).

**LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the transaction contemplated under the Cornerstone Investment Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Cornerstone Investment Agreement constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 13 September 2018, Sparky International (a wholly-owned subsidiary of the Company) as an investor entered into the Cornerstone Investment Agreement with, amongst other parties, Shandong Gold Mining as the issuer, pursuant to which Sparky International has agreed to subscribe for the Investor Shares at the Offer Price. The Aggregate Subscription Price payable by Sparky International is expected to be no more than US\$50 million (exclusive of the Brokerage and the Levies).

## **CORNERSTONE INVESTMENT AGREEMENT**

Set out below are the principal terms of the Cornerstone Investment Agreement:

### **Date**

13 September 2018

### **Parties**

- (i) Sparky International, as investor;
- (ii) Shandong Gold Mining, as issuer;
- (iii) CCB International Capital Limited, China Securities (International) Corporate Finance Company Limited, ICBC International Capital Limited and Morgan Stanley Asia Limited, as joint global coordinators of the Global Offering; and
- (iv) CMBI, as a joint bookrunner and an underwriter of the Global Offering

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, Shandong Gold Mining, the Joint Global Coordinators, CMBI and their ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **The Cornerstone Investment**

Subject to the conditions set out in the paragraph headed "Conditions Precedent" below being fulfilled (or waived by the Parties, except that the conditions (a), (b) and (d) cannot be waived), Sparky International has agreed to:

- (a) purchase, and each of Shandong Gold Mining and the Joint Global Coordinators will cause to be delivered to Sparky International, the Investor Shares, at the Offer Price under and as part of the International Offering; and
- (b) pay the Aggregate Subscription Price, the Brokerage and the Levies in respect of the Investor Shares in accordance with the terms and conditions of the Cornerstone Investment Agreement.

The number of Investor Shares to be subscribed by Sparky International shall be calculated by dividing (1) the amount of Hong Kong dollars equivalent of US\$50 million (calculated at the exchange rate published by The Hongkong and Shanghai Banking Corporation Limited after the close of business on the business day immediately prior to the price determination date for the Global Offering) by (2) the Offer Price, rounded to the nearest whole board lot of 250 H Shares of Shandong Gold Mining (excluding Brokerage and Levies which Sparky International will pay in respect of the Investor Shares).

Subject to payment, the Investor Shares shall, when issued and delivered, be fully paid and free from all options, liens, charges, mortgages, pledges, claims, equities, encumbrances and other third party rights and shall rank pari passu with the H Shares of Shandong Gold Mining then in issue and to be listed on the Stock Exchange.

Shandong Gold Mining is seeking a listing on the main board of the Stock Exchange by way of a Global Offering comprising (i) the Hong Kong Public Offering and (ii) the International Offering. The Cornerstone Investment forms part of the International Offering.

Shandong Gold Mining has applied to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, among other things, the Investor Shares.

### **Consideration and Payment**

The maximum Aggregate Subscription Price in respect of the Cornerstone Investment payable by Sparky International (exclusive of the Brokerage and the Levies in respect of the Investor Shares) is estimated to be no more than US\$50 million and will be financed out of the internal financial resources of the Group.

The Aggregate Subscription Price for all the Investor Shares, together with the Brokerage and the Levies shall be paid by Sparky International no later than 5:00pm Hong Kong time on the day before the Listing Date.

The Aggregate Subscription Price was determined after arm's length negotiations between the Parties with reference to the prospect of Shandong Gold Mining, the size of investment as offered by Shandong Gold Mining and prevailing market conditions.

### **Conditions Precedent**

The obligations of Sparky International to purchase, and the obligations of Shandong Gold Mining and the Underwriters to issue, place, allocate and/or deliver (as the case may be) the Investor Shares are conditional only upon each of the following conditions having been satisfied or waived (except that the conditions set out in (a), (b) and (d) below cannot be waived) by the Parties:

- (a) the underwriting agreement for the Hong Kong Public Offering and the underwriting agreement for the International Offering being entered into by, inter alia, Shandong Gold Mining, the Joint Global Coordinators and the Underwriters and having become effective and unconditional by no later than the time and date as specified in those underwriting agreements in accordance with their respective original terms, or as subsequently varied by agreement of the parties thereto or waived, to the extent it may be waived, by the relevant parties and not having been terminated;

- (b) the Listing Committee of the Stock Exchange having granted the approval for the listing of, and permission to deal in, the H Shares of Shandong Gold Mining and that such approval or permission not having been revoked prior to the commencement of dealings in the H Shares of Shandong Gold Mining on the Stock Exchange;
- (c) the respective representations, warranties, undertakings and acknowledgements of Sparky International and Shandong Gold Mining are (as of the date of the Cornerstone Investment Agreement) and will be (as of the Listing Date or the Delivery Date) accurate and true in all respects and not misleading and there being no material breach of the Cornerstone Investment Agreement on the part of Sparky International and Shandong Gold Mining; and
- (d) no laws shall have been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated in the Hong Kong Public Offering, the International Offering or in the Cornerstone Investment Agreement and no orders or injunctions from a court of competent jurisdiction in effect precluding or prohibiting consummation of such transactions.

If (i) any of the conditions set out above have not been satisfied or waived (except that the conditions set out in (a) and (b) and (d) above cannot be waived) by the Parties on or before 8 a.m. on 28 September 2018 (or such other date as may be agreed among Shandong Gold Mining, Sparky International, the Joint Global Coordinators and the Underwriters); or (ii) the Global Offering is not completed as contemplated in the Cornerstone Investment Agreement, the obligation of Sparky International to purchase, and the obligations of Shandong Gold Mining and the Underwriters to issue, place, allocate and deliver (as the case may be), the Investor Shares shall cease and any amount paid by Sparky International under the Cornerstone Investor Agreement will be repaid to Sparky International as soon as practicable without interest, and the Cornerstone Investment Agreement will terminate and be of no effect and all obligations or liabilities on the part of Shandong Gold Mining, Sparky International, the Joint Global Coordinators or the Underwriters shall cease and terminate, provided that such termination of the Cornerstone Investment Agreement shall be without prejudice to the accrued rights or liabilities of any Party to the other Parties in respect of the terms of the Cornerstone Investment Agreement at or before such termination.

### **Restriction on Disposal**

Sparky International (and any wholly-owned subsidiary elected by it to acquire the Investor Shares in accordance with the terms of the Cornerstone Investment Agreement) shall be subject to, among other restrictions, a lock-up period of 6 months from and inclusive of the Listing Date in accordance with the terms of the Cornerstone Investment Agreement.

### **Closing**

The Investor Shares will be acquired on the Listing Date contemporaneously with the closing of the International Offering, or on the Delayed Delivery Date as the Underwriters shall notify Sparky International at such time and in such manner as shall be determined by the Underwriters.

## REASONS FOR AND BENEFITS OF ENTERING INTO THE CORNERSTONE INVESTMENT AGREEMENT

The Board considers that the Cornerstone Investment is in line with the Group's investment strategy.

The Directors (including the independent non-executive Directors) are of the view that the Cornerstone Investment Agreement has been entered into on normal commercial terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

## INFORMATION ON THE GROUP AND PARTIES TO THE CORNERSTONE INVESTMENT AGREEMENT

### The Company

The Company and its subsidiaries are principally engaged in gold exploration, mining, ore processing and smelting, and processing and sale of by-products in the PRC.

### Sparky International

Sparky International is principally engaged in external investment and provision of consultation services.

### Shandong Gold Mining

Shandong Gold Mining is principally engaged in gold exploration, mining, processing, smelting and sales.

Based on the post hearing information pack of Shandong Gold Mining posted on the website of the Stock Exchange on 10 September 2018, the audited financial information of Shandong Gold Mining for the two financial years ended 31 December 2016 and 2017 and the three months ended 31 March 2018 are as follows:

	<b>For the year ended 31 December 2016 RMB'000</b>	<b>For the year ended 31 December 2017 RMB'000</b>	<b>For the three months ended 31 March 2018 '000</b>
	<b>As of 31 December 2016 RMB'000</b>	<b>As of 31 December 2017 RMB'000</b>	<b>As of 31 March 2018 RMB'000</b>
Profit before taxation	1,697,976	1,604,445	489,550
Profit after taxation	1,312,782	1,172,993	353,597
Total assets	29,366,421	43,131,721	43,065,809
Net assets	16,689,721	17,493,766	17,842,875

## **Joint Global Coordinators**

CCB International Capital Limited is a licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO.

China Securities (International) Corporate Finance Company Limited is a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO.

ICBC International Capital Limited is a licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO.

Morgan Stanley Asia Limited is a licensed corporation to conduct Type 1 (dealing in securities), Type 4 (advising on securities), Type 5 (advising on futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities as defined under the SFO.

## **CMBI**

CMBI is a licensed corporation to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities as defined under the SFO.

## **LISTING RULES IMPLICATIONS**

As the highest of the applicable percentage ratios (as defined under Rule 14.04(9) of the Listing Rules) in relation to the transaction contemplated under the Cornerstone Investment Agreement exceeds 5% but is less than 25%, the transaction contemplated under the Cornerstone Investment Agreement constitutes a discloseable transaction of the Company and is subject to reporting and announcement requirements under Chapter 14 of the Listing Rules but is exempt from the Shareholders' approval requirement under Chapter 14 of the Listing Rules.

## **WARNING**

**As completion of the Cornerstone Investment is subject to the satisfaction of the conditions precedent set out in the Cornerstone Investment Agreement which may or may not be fulfilled, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.**

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Aggregate Subscription Price”	the amount equals to the Offer Price multiplied by the number of Investor Shares to be purchased by Sparky International pursuant to the Cornerstone Investment Agreement
“Board”	the board of Directors
“Brokerage”	brokerage of 1% of the Aggregate Subscription Price in respect of the Investor Shares
“CMBI”	CMB International Capital Limited, a joint bookrunner and an underwriter of the Global Offering
“Company”	Zhaojin Mining Industry Company Limited* (招金礦業股份有限公司) (Stock Code: 1818), a joint stock limited company established in the PRC on 16 April 2004, the issued H Shares of which are listed on the main board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Cornerstone Investment”	the subscription of the Investor Shares contemplated under the Cornerstone Investment Agreement
“Cornerstone Investment Agreement”	the cornerstone investment agreement dated 13 September 2018 entered into between Sparky International, Shandong Gold Mining and the Joint Global Coordinators in relation to the Cornerstone Investment
“Delayed Delivery Date”	the date to be determined by the Underwriters in their sole and absolute discretion when the delivery of all or a portion of the Investor Shares shall take place on the Delivery Date later than the Listing Date
“Delivery Date”	expected to be the Listing Date
“Director(s)”	director(s) of the Company
“Global Offering”	the global offering of the H Shares of Shandong Gold Mining, comprising the Hong Kong Public Offering and the International Offering
“Group”	the Company and its subsidiaries

“H Shares”	overseas listed foreign share(s) of the Company with a nominal value of RMB1 each, which are listed on the Stock Exchange and traded in Hong Kong dollars
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Public Offering”	the offer for subscription of the H Shares of Shandong Gold Mining by the public in Hong Kong
“International Offering”	a conditional placing of H Shares of Shandong Gold Mining outside the United States (including placing to professional and institutional investors in Hong Kong) in reliance on Regulation S under the Securities Act and in the United States to qualified institutional buyers in accordance with Rule 144A under the Securities Act or any other available exemption from registration under the Securities Act
“Investor Shares”	such number of H Shares of Shandong Gold Mining to be offered by Shandong Gold Mining to Sparky International in the International Offering pursuant to the Cornerstone Investment Agreement
“Joint Global Coordinators”	the joint global coordinators appointed by Shandong Gold Mining for the Global Offering
“Levies”	SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, in each case, of the Aggregate Subscription Price in respect of the Investor Shares
“Listing Date”	the date on which the H Shares of Shandong Gold Mining are first listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Offer Price”	the final Hong Kong dollar price per H Share of Shandong Gold Mining (exclusive of applicable Brokerage and Levies) at which the H Shares of Shandong Gold Mining are to be issued and sold pursuant to the Global Offering
“Parties”	the named parties to the Cornerstone Investment Agreement
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC



“Securities Act”	United States Securities Act of 1933, as amended and the rules and regulations promulgated thereunder
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shandong Gold Mining”	Shandong Gold Mining Co., Ltd (山東黃金礦業股份有限公司), a joint stock company incorporated under the laws of PRC with limited liability
“Share(s)”	ordinary shares of RMB1 each in the share capital of the Company, comprising H Shares and domestic shares of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Sparky International”	Sparky International Company Limited (斯派柯國際有限公司), a limited company incorporated under the laws of Hong Kong
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Underwriters”	the underwriters of the Global Offering and/or their representatives (as the case may be)
“US\$”	United States dollar, the lawful currency of the United States of America
“%”	per cent.

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

Zhaoyuan, the PRC, 13 September 2018

*As at the date of this announcement, the Board comprises of three executive Directors, namely Mr. Weng Zhanbin, Mr. Dong Xin and Mr. Wang Ligang; four non-executive Directors, namely Mr. Xu Xiaoliang, Mr. Liu Yongsheng, Mr. Yao Ziping and Mr. Gao Min; and four independent non-executive Directors, namely Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Wei Junhao and Mr. Shen Shifu.*

\* For identification purpose only