

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

CONTINUING CONNECTED TRANSACTIONS

(1) LAND LEASE FRAMEWORK AGREEMENT

On 31 December 2020, the Company entered into the Land Lease Framework Agreement with Shandong Zhaojin, pursuant to which Shandong Zhaojin agreed to lease certain land use rights to the Group for a term of three years commencing from 1 January 2021 to 31 December 2023.

(2) GOLD REFINERY AGREEMENT

On 31 December 2020, the Company entered into the Gold Refinery Agreement with Zhaojin Refinery, pursuant to which Zhaojin Refinery agreed to provide gold refining services to the Group for a term of three years commencing from 1 January 2021 to 31 December 2023.

(3) INFORMATIZATION SERVICES FRAMEWORK AGREEMENT

On 31 December 2020, Goldsoft Technology entered into the Informatization Services Framework Agreement with Shandong Zhaojin, pursuant to which Goldsoft Technology agreed to provide informatization services to Shandong Zhaojin Group for a term of three years commencing from 1 January 2021 to 31 December 2023.

(4) PROPERTY LEASE FRAMEWORK AGREEMENT

On 31 December 2020, the Company entered into the Property Lease Framework Agreement with Shandong Zhaojin, pursuant to which the Company agreed to lease certain properties to Shandong Zhaojin and its subsidiaries as their office premises for a term of three years commencing from 1 January 2021 to 31 December 2023.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shandong Zhaojin is the controlling Shareholder of the Company. Zhaojin Refinery is a subsidiary of Shandong Zhaojin and therefore a connected person of the Company, and Goldsoft Technology is a subsidiary of the Company. Accordingly, the transactions contemplated under the Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(1) LAND LEASE FRAMEWORK AGREEMENT

Date

31 December 2020

Parties

- (i) Shandong Zhaojin; and
- (ii) The Company

Leased land

The land use rights of 20 parcels of land covering a total area of 649,689.64 sq.m. in Zhaoyuan, Shandong, the PRC.

Term

From 1 January 2021 to 31 December 2023

The Company has a priority right to lease the Subject Land Use Rights from Shandong Zhaojin in the event that Shandong Zhaojin continues to lease out the Subject Land Use Rights after expiry of the lease term under the Land Lease Framework Agreement.

Subject to compliance with applicable laws and regulations and the articles of association of the Company and Shandong Zhaojin, the Land Lease Framework Agreement may be renewed for a further term of one year at the request of the Company.

After the expiry of the term of the Subject Land Use Rights, if the Company needs to continue to lease the Subject Land Use Rights, Shandong Zhaojin shall be responsible for renewing the term of the Subject Land Use Rights.

The Company has the right to terminate the lease of some of the Subject Land Use Rights under the Land Lease Framework Agreement by giving one month's prior written notice.

Rental and payment

Shandong Zhaojin will lease the Subject Land Use Rights to the Company at market rates on a fair and reasonable basis. The parties to the Land Lease Framework Agreement have agreed that the rentals charged by Shandong Zhaojin on the Company shall not be higher than the rentals charged by Shandong Zhaojin on any independent third party at that time for the same type of land in the normal course of business.

The annual rentals for the Subject Land Use Rights for the three years ending 31 December 2023 are expected to be RMB8.75 million, RMB8.70 million and RMB8.45 million, respectively. The rentals are payable by the Company to Shandong Zhaojin before 31 December of each year, in respect of the rentals of that year, by way of cash, bank transfer, bank acceptance bills or commercial bills. If the Company terminates the lease of all or some of the Subject Land Use Rights before the expiry of the Land Lease Framework Agreement, the rentals shall be paid on the basis of the actual term for the lease of such Subject Land Use Right(s).

Other major terms

The Company shall be responsible for the water, electricity and heating bills, as well as expenses for making alterations and additions (if Shandong Zhaojin consents to such alterations and additions) to the structures or buildings on the leased land. After the expiry of the lease term or termination of the Land Lease Framework Agreement, Shandong Zhaojin has the priority right to purchase the additions made by the Company on the leased land.

During the term of the lease, if Shandong Zhaojin transfers the Subject Land Use Rights, Shandong Zhaojin should, by 30 days' prior written notice, inform the Company of such transfer and the Company has the priority right to purchase such land use rights on the equivalent conditions offered by the third party purchaser. Shandong Zhaojin has the obligation to notify the new holder of the land use rights of the existence and the terms of the Land Lease Framework Agreement. If there is a change of the land use rights holder during the term of the lease, the Land Lease Framework Agreement shall have legal effect between the Company and the new holder of the land use rights.

Historical figures

The historical amounts of the rental for the leasing of land use rights by the Company from Shandong Zhaojin for the two years ended 31 December 2019 and the eleven months ended 30 November 2020 are set out as follows:

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the eleven months ended 30 November 2020
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	(approximately)	(approximately)	(approximately)
Land use rights rentals paid by the Company to Shandong Zhaojin	9.70	9.56	9.42

Reference is made to the announcement (the “**2017 Announcement**”) of the Company dated 31 December 2017 in relation to continuing connected transactions which stated that, for the three financial years ending 31 December 2020, the annual caps of the land use rights rentals payable by the Company to Shandong Zhaojin under the 2017 Land Lease Agreement amounted to RMB9,750,000, RMB9,600,000 and RMB9,450,000, respectively.

The Directors has been monitoring the transaction amounts under the 2017 Land Lease Agreement, and such amounts did not exceed the respective annual caps for the two years ended 31 December 2019. As of the date of this announcement, the transaction amount incurred in 2020 did not exceed and is not expected to exceed the 2020 annual cap.

Annual caps

The Company expects the annual caps for the the total value of right-of-use assets involved in the Subject Land Use Rights for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 shall not exceed RMB9,000,000, RMB9,000,000 and RMB8,600,000, respectively. These annual caps for the three years ending 31 December 2023 have been arrived at after taking into consideration (i) the historical fees payable by the Company for the lease of the Subject Land Use Rights; (ii) the rentals payable by the Company under the Land Lease Framework Agreement which have taken into account the land extension transfer fee and tax payable by Shandong Zhaojin in respect of the renewal of the terms of certain Subject Land Use Rights; (iii) the depreciation and amortisation rates of the leased land and (iv) the effect on the transaction amount from the recognition of property leases under the Land Lease Framework Agreement as acquisition of right-of-use assets according to International Financial Reporting Standard 16 – Leases.

Pricing policies

The rental payable by the Company to Shandong Zhaojin for each parcel of land leased under the Land Lease Framework Agreement is determined by the parties after arm's length negotiation having regard to the prevailing rental rate of comparable land in the proximity, taking into consideration the historical transaction amounts incurred, the rental charged by independent third party for similar type of land and the actual circumstances of the location of the leased land such as the applicable land use tax and depreciation and amortisation rates of the relevant piece of land.

The Land Lease Framework Agreement also provided that the rental charged by Shandong Zhaojin on the Company shall not be higher than the rental charged by Shandong Zhaojin on any independent third party at that time for the same type of land in the normal course of business.

The pricing policies under the Land Lease Framework Agreement will be reviewed regularly and if necessary to ensure that they are consistent with market-oriented, fair and reasonable principles.

Reasons for and benefits of entering into the Land Lease Framework Agreement

The Company has been leasing certain land use rights from Shandong Zhaojin for certain gold mines of the Company for ancillary and non-production purposes. The Directors consider that the continual use of the relevant land can facilitate and avoid unnecessary disruptions to the operations of the Group.

Given the aforesaid and after taking into account the terms of the Land Lease Framework Agreement, the Directors (including the independent non-executive Directors) consider that the entering into of the Land Lease Framework Agreement is in the interests of the Company and the Shareholders as a whole, and the terms thereof are fair and reasonable, and is entered into on normal commercial terms in the ordinary and usual course of business of the Company.

(2) GOLD REFINERY AGREEMENT

Date

31 December 2020

Parties

- (i) The Company; and
- (ii) Zhaojin Refinery

Term

From 1 January 2021 to 31 December 2023

Both parties are entitled to terminate the Gold Refinery Agreement by giving one month's prior written notice to the other party to the Gold Refinery Agreement.

Services

The Company shall provide crude gold to Zhaojin Refinery to be refined into standard gold bullion and Zhaojin Refinery shall provide gold refining services to the Company to process the crude gold provided by the Company into standard 3kg Au99.95 gold bullion.

Consideration and payment

The fees payable to Zhaojin Refinery shall be calculated based on the weight and gold content of the crude gold provided by the Company. The processing fee to be charged for the processing of crude gold shall be:

- (i) for crude gold with a gold content being greater than or equal to 99%, the processing fee will be RMB0.35 per gram of the crude gold;
- (ii) for crude gold with a gold content being less than 99%, the processing fee per gram of the crude gold will be arrived at after arm's length negotiations between the parties.

The parties to the Gold Refinery Agreement agreed that the fees at which Zhaojin Refinery provides gold refining services to the Company shall not be higher than the fees charged by Zhaojin Refinery on any independent third party at that time for the same type of services provided in the normal course of business and shall not be higher than the price offered by any independent third party to the Company at that time for same type of services provided.

Refining fees should be settled based on the weight of the crude gold processed each month, and payment should be made by the Company in the following month by way of bank acceptance bills, or commercial bills or any other method accepted by Zhaojin Refinery.

Other major terms

The Company is entitled to engage any other third party to provide gold refining services without seeking the consent of Zhaojin Refinery.

In the event that Zhaojin Refinery's production capacity is insufficient to accommodate the needs of all its customers, under the same terms and conditions, it will give priority to the Group's processing needs.

In the event that the amount of crude gold provided to Zhaojin Refinery is within 150 kilograms, Zhaojin Refinery shall deliver the standard gold bullion within three days. In the event that the amount of crude gold provided to Zhaojin Refinery is greater than 150 kilograms, Zhaojin Refinery shall deliver 150 kilogram of standard gold bullion within three days and the delivery time for the remaining gold bullion shall be agreed by both parties taking into account the amount of crude gold to be processed and the production conditions (the production capacity of standard gold bullion within three days should be 150 kilograms) of Zhaojin Refinery.

Historical figures

The historical amounts of the fees for the provision of gold refining services by Zhaojin Refinery to the Group for the two years ended 31 December 2019 and the eleven months ended 30 November 2020 are set out as follows:

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the eleven months ended 30 November 2020
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	(approximately)	(approximately)	(approximately)
Gold refinery fee paid by the Group to Zhaojin Refinery	7.30	5.07	4.74

Reference is made to the 2017 Announcement which stated that, for each of the three financial years ending 31 December 2020, the annual caps of the fees for the provision of gold refining services by Zhaojin Refinery to the Group under the 2017 Gold Refinery Agreement shall not exceed RMB12.6 million.

The Directors has been monitoring the transaction amounts under the 2017 Gold Refinery Agreement, and such amounts did not exceed the respective annual caps for the two years ended 31 December 2019. As of the date of this announcement, the transaction amount incurred in 2020 did not exceed and is not expected to exceed the 2020 annual cap.

Annual caps

The Company expects that the annual caps for the annual fees payable by the Company to Zhaojin Refinery for the provision of gold refining services for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 shall not exceed RMB11,000,000, RMB13,000,000 and RMB15,000,000, respectively.

The above annual caps are arrived at after taking into account (i) the historical fees payable by the Group to Zhaojin Refinery for the provision of gold refining services; and (ii) the expected sales and production of gold by the Group. In view of the anticipated increase in our gold production capacity and other factors such as sales strategy having regard to anticipated gold price trend and production capability, the annual caps for the transactions under the Gold Refinery Agreement show an increasing trend.

Pricing policies

The processing fee per gram for crude gold with gold content less than 99% is determined by the parties to the Gold Refinery Agreement after arm's length negotiation having regard to the price charged by similar service providers in the local market. The terms offered by Zhaojin Refinery to the Company shall be no less favourable than that offered by independent third party refineries to the Company.

The Gold Refinery Agreement also provided that the fees at which Zhaojin Refinery provides gold refining services to the Company shall not be higher than the fees charged by Zhaojin Refinery on any independent third party at that time for the same type of services provided in the normal course of business and shall not be higher than the fees charged by any independent third party to the Company at that time for the provision of same type of services.

The pricing policies under the Gold Refinery Agreement will be reviewed regularly and if necessary to ensure that they are consistent with market-oriented, fair and reasonable principles.

Reasons for and benefits of entering into the Gold Refinery Agreement

PRC laws and regulations require gold refining to be carried out at a refinery that has been licensed by the Shanghai Gold Exchange to produce standard gold bullion. The Group is not a qualified gold refinery and has to rely on other enterprises that possess the relevant licence to refine crude gold to standard gold bullion. Zhaojin Refinery is a licensed gold refinery in the PRC and has been being commissioned by the Company to refine golds since its incorporation.

Given the aforesaid and after taking into account the terms of the Gold Refinery Agreement, the Directors (including the independent non-executive Directors) consider that the entering into of the Gold Refinery Agreement is in the interests of the Company and the Shareholders as a whole, and the terms thereof are fair and reasonable, and is entered into on normal commercial terms in the ordinary and usual course of business of the Company.

(3) INFORMATIZATION SERVICES FRAMEWORK AGREEMENT

Date

31 December 2020

Parties

- (i) Shandong Zhaojin; and
- (ii) Goldsoft Technology

Term

From 1 January 2021 to 31 December 2023

Informatization services

Goldsoft Technology and its subsidiaries have agreed to provide informatization services to Shandong Zhaojin Group, including design and construction of security technology protection system; communication and computer software and hardware technology development; computer system design; computer technology services and technology consultation; system integration; smart building project and safety protection project; sale and distribution of instruments; construction of automated integration project; e-commerce trading platform service; online trading agency; internet information service; retail and wholesale of precious metal and related products, gold and raw material, gold and silver products, jewelry and diamond, inlay jewelry, platinum products, jade, handmade jewelry and other handmade precious metal products; custody, lease, consignment sale and purchase of precious metal and gold and silver jewelry; marketing planning.

As the Informatization Services Framework Agreement is only a framework agreement, the parties will enter into specific product or services contracts for each specific informatization service to be provided to Shandong Zhaojin Group by Goldsoft Technology and its subsidiaries, and such specific product or services contracts shall be in line with the principles of the Informatization Services Framework Agreement.

Pricing and payment

The parties to the Informatization Services Framework Agreement agreed that the price at which Goldsoft Technology provides informatization services to Shandong Zhaojin Group shall be based on market rates and shall not be higher than the price charged by Goldsoft Technology on any independent third party at that time for the provision of the same type of services in the normal course of business and shall not be higher than the price offered by any independent third party to Shandong Zhaojin Group at that time for the provision of same type of services.

Historical figures

As it is the first time for Goldsoft Technology to enter into framework agreement in relation with informatization services with Shandong Zhaojin, there is no historical transaction amounts for reference.

Annual caps

The Company expects that the annual caps for the provision of informatization services for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 shall not exceed RMB17 million, RMB17 million and RMB17 million, respectively.

The above annual caps are determined based on the following factors: (i) the fee level of Goldsoft Technology and its subsidiaries for provision of informatization services; (ii) the market price and quality of service provided by other third-party providers for similar services; and (iii) the increase in Shandong Zhaojin Group's demand for informatization services, such as the fact that due to the continuous increase in Shandong Zhaojin Group's demand for software and cloud services for mining resources evaluation and reserve management as well as production and safety management and the gradual increase in demand from relevant projects, and in view of the trend of cost reduction and efficiency improvement for production activities, projects based on internet of things, big data and cloud services will increase significantly, resulting in increase in transaction amount in the future.

Pricing policies

Shandong Zhaojin will have a public tender process to invite bids from service providers for the provision of informatization services. Only when the price tendered by Goldsoft Technology is fair and reasonable, having regard to factors such as the site of provision of such kind of services, the complexity of the services provided, the actual workload required and the time of completion, may Goldsoft Technology be awarded with a specific operational contract.

The Informatization Services Framework Agreement also provided that the prices at which Goldsoft Technology and its subsidiaries provide informatization services to Shandong Zhaojin Group shall not be higher than the prices charged by Goldsoft Technology and its subsidiaries on any independent third party at that time for the provision of the same type of services provided in the normal course of business and shall not be higher than the price offered by any independent third party to Shandong Zhaojin Group at that time for the provision of same type of services.

The pricing policies under the Informatization Services Framework Agreement will be reviewed regularly and if necessary to ensure that they are consistent with market oriented, fair and reasonable principles.

Reasons for and benefits of entering into the Informatization Services Framework Agreement

Goldsoft Technology principally engages in the provision of information and automated systems for mines and digital mine and smart mine construction in the PRC. Shandong Zhaojin Group has increasing demand for informatization services. As the controlling Shareholder of the Company, Shandong Zhaojin has good reputation and strong financial strength, which ensures payment of contract sum. Goldsoft Technology and its subsidiaries will be able to earn stable income through the provision of certain information products and services pursuant to the Informatization Service Framework Agreement.

Given the aforesaid reasons, the Directors (including the independent non-executive Directors) consider that the Informatization Services Framework Agreement is entered into on normal commercial terms, which are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

(4) PROPERTY LEASE FRAMEWORK AGREEMENT

Date

31 December 2020

Parties

- (i) the Company; and
- (ii) Shandong Zhaojin

Property

10th floor to 12th floor and 19th floor to 21st floor of Zhaojin Building, No. 118 Wenquan Road, Zhaoyuan with a total leased area of 7,259 sq.m.

Term

From 1 January 2021 to 31 December 2023

Rental

Based on the unit rental price of the property of RMB2 per day per sq.m. and the property tax and other statutory taxes, the total annual rentals (including tax) payable are expected to be RMB7,563,900.

Property management fees and costs of catering, accommodation, conference and maintenance services

The costs of property management and catering, accommodation, conference and maintenance services based on the market price shall be borne by Zhaojin Shunhe during the lease term. Shandong Zhaojin shall pay Zhaojin Shunhe the property management fees of RMB2,140,800 every year, which shall be settled quarterly. The costs of catering, accommodation, conferences and maintenance services are settled monthly based on the actual amount incurred by Shandong Zhaojin.

Other fees payable within the lease term

During the lease term, the costs of renovation, water, electricity, telephone service, cable TV, heating, gas, property management, cleaning, internet service and parking spaces and other expenses incurred in the use of property shall be borne by relevant lessees.

Each of Shandong Zhaojin and its subsidiaries (i.e. Zhaojin Import and Export, Zhaojin Property, Zhaojin Investment and Zhaojin Non-Ferrous) shall enter into specific property lease agreements and property management agreements with the Company and Zhaojin Shunhe under the principles determined by the Property Lease Framework Agreement, to specifically agree on the respective property area to be rented and the respective expenses to be borne.

Historical figures

Zhaojin Building, where all the properties to be leased under the Property Lease Framework Agreement are located in, is an office building newly acquired by the Company in December 2020. Thus, there is no historical figures available.

Annual caps

The annual caps proposed by the Directors for the total rentals and relevant tax expense payable under the Property Lease Framework Agreement for the three years ending 31 December 2021, 31 December 2022 and 31 December 2023 shall not exceed RMB12,000,000, RMB12,500,000 and RMB13,000,000, respectively.

In estimating the above annual caps, the Company has primarily taken into account of the following factors: (i) the expected total gross floor area of properties (approximately 7,259 sq.m.) to be leased; (ii) the relevant tax payable under relevant lease agreements; and (iii) the expected market rental prices of properties in similar conditions.

Reasons for and benefits of entering into the Property Lease Framework Agreement

Zhaojin Building is a new comprehensive office building newly acquired by the Company with ample office space. By entering into the Property Lease Framework Agreement with Shandong Zhaojin, the Company may improve the efficiency of asset utilization by fully utilizing the office space and enhance the work efficiency through centralized office operation.

Given the aforesaid reasons, the Directors (including the independent non-executive Directors) consider that the terms of the Property Lease Framework Agreement are normal commercial terms which are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

INTERNAL CONTROL MEASURES

The Company has established various internal control measures in order to ensure that the transactions contemplated under the Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement are in accordance with the pricing policies and the terms of each of the Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement, which are on normal commercial terms and no less favourable to the Company than terms quoted to independent third parties. Such internal control measures mainly include the following:

- (i) the managers overseeing the transactions will regularly review the terms of such transactions to ensure that the rentals/fees charged by Shandong Zhaojin, and Zhaojin Refinery respectively, will reflect the prevailing market rates and will be on an arm's length basis under normal commercial terms;
- (ii) the financial department of the Company will consolidate, on a monthly basis, the transaction amounts under each of these agreements incurred for the previous month and the results will be reported to the management of the Company and the Board. The financial department will inform the management of the Company and the Board on a timely basis in the event the annual cap for any of these agreements is likely to be exceeded;
- (iii) the external auditors of the Company will report by issuing a letter to the Board every year on the continuing connected transactions of the Company in relation to the pricing policies and annual caps of the continuing connected transactions (including the transactions contemplated under the Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement) of the Company conducted during the preceding financial year pursuant to the Listing Rules; and

- (iv) the independent non-executive Directors of the Company will conduct an annual review with respect to the continuing connected transactions of the Company throughout the preceding financial year and confirm on the transactional amounts and terms of the continuing connected transactions in the annual report of the Company pursuant to the requirements under the Listing Rules, and to ensure that they are entered into on normal commercial terms, are fair and reasonable, and are carried out pursuant to the terms of the relevant agreements governing the continuing connected transactions.

By implementing the above procedures and measures, the Directors consider that the Company has established an adequate internal control system to ensure the relevant continuing connected transactions under the Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement are conducted in accordance with the terms of such agreements, on normal commercial terms (or terms no less favourable to the Company than terms available to or offered by independent third parties) and in accordance with the pricing policies of the Company, which are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

INFORMATION ON THE PARTIES

1. The Group is principally engaged in gold exploration, mining, ore processing and smelting, and processing and sales of by-products in the PRC.
2. Shandong Zhaojin is principally engaged in the business of gold exploration, mining and refining, and has investments in gold exploration, mining, smelting and refining and other gold-related businesses. Shandong Zhaojin is the controlling Shareholder of the Company, directly holding 34.74% of the Shares of the Company. The ultimate beneficial owner of Shandong Zhaojin is People's Government of Zhaoyuan City (招遠市人民政府) which wholly owns Shandong Zhaojin.
3. Zhaojin Refinery, a subsidiary of Shandong Zhaojin, is principally engaged in the smelting of gold and silver, acquisition, processing and sales of precious metal compounds in the PRC.
4. Goldsoft Technology, a subsidiary of the Company, is principally engaged in the provision of information and automated systems for mines and digital mine and smart mine construction in the PRC.

BOARD'S APPROVAL

The Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement were approved by the Board on 31 December 2020 and none of the Directors has any material interest in the transactions contemplated thereunder. Mr. Weng Zhanbin and Mr. Liu Yongsheng have abstained from voting at the Board's meeting to approve the Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement by virtue of being management staffs of Shandong Zhaojin.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shandong Zhaojin is the controlling Shareholder of the Company. Zhaojin Refinery is a subsidiary of Shandong Zhaojin and is therefore a connected person of the Company, and Goldsoft Technology is a subsidiary of the Company. Accordingly, the transactions contemplated under the Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that the highest applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Land Lease Framework Agreement, the Gold Refinery Agreement, the Informatization Services Framework Agreement and the Property Lease Framework Agreement are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

DEFINITIONS

“2017 Gold Refinery Agreement”	the gold refinery agreement entered into between the Company and Zhaojin Refinery on 31 December 2017
“2017 Land Lease Agreement”	the land lease agreement entered into between the Company and Shandong Zhaojin on 31 December 2017
“Au99.95”	the common standard for denoting gold purity adopted by the Shanghai Gold Exchange to conform with international practice, in which Au99.95 gold denotes gold contents of 99.95% or above
“Board”	the board of Directors
“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
“Directors”	directors of the Company
“Gold Refinery Agreement”	the agreement entered into between Zhaojin Refinery and the Company on 31 December 2020 in relation to the provision of gold refining services by Zhaojin Refinery to the Group

“Goldsoft Technology”	山東金軟科技股份有限公司 (Shandong Goldsoft Technology Company Limited*), a limited liability company established in the PRC on 27 August 2001, which is owned as to 67.37% by the Company as at the date of this announcement
“Group”	the Company and its subsidiaries from time to time
“H Shares”	overseas listed foreign shares of the Company with a nominal value of RMB1 each which are listed on the Stock Exchange and traded in Hong Kong dollars
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Informatization Services Framework Agreement”	the framework agreement entered into between Goldsoft Technology and Shandong Zhaojin on 31 December 2020 in relation to the provision of informatization services by Goldsoft Technology and its subsidiaries to Shandong Zhaojin Group
“Land Lease Framework Agreement”	the land lease framework agreement entered into between Shandong Zhaojin and the Company on 31 December 2020 in relation to the lease of the land use rights for 20 parcels of land with an aggregate areas of 649,689.64 sq.m. in Zhaoyuan, Shandong, the PRC by Shandong Zhaojin to the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Property Lease Framework Agreement”	the property lease framework agreement entered into between Shandong Zhaojin and the Company on 31 December 2020 in relation to the lease of premises on the 10th floor to 12th floor and 19th floor to 21st floor of Zhaojin Building, No. 118 Wenquan Road, Zhaoyuan, Shandong Province, the PRC by the Company to Shandong Zhaojin
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong Zhaojin”	山東招金集團有限公司 (Shandong Zhaojin Group Company Limited*), a state-owned limited company established in the PRC on 28 June 1992 and a promoter of the Company and the controlling Shareholder as at the date of this announcement
“Shandong Zhaojin Group”	Shandong Zhaojin and its subsidiaries from time to time
“Share(s)”	share(s) of RMB1 each in the capital of the Company, comprising the domestic shares of the Company and the H Shares
“Shareholder(s)”	holder(s) of Share(s)

“sq.m.”	square meter(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subject Land Use Rights”	the land use rights which are the subject matter under the Land Lease Framework Agreement
“Zhaojin Import and Export”	山東招金進出口股份有限公司 (Shandong Zhaojin Import and Export Company Limited*), which is owned as to 54% by Shandong Zhaojin and 10% by Zhaojin Refinery as at the date of this announcement
“Zhaojin Investment”	山東招金投資股份有限公司 (Shandong Zhaojin Investment Company Limited*), which is owned as to 74.75% by Shandong Zhaojin as at the date of this announcement
“Zhaojin Non-Ferrous”	招金有色礦業有限公司 (Zhaojin Non-Ferrous Mining Company Limited*), which is wholly owned by Shandong Zhaojin as at the date of this announcement
“Zhaojin Property”	山東招金置業發展有限公司 (Shandong Zhaojin Property Development Company Limited*), which is owned as to 55% by Shandong Zhaojin as at the date of this announcement
“Zhaojin Refinery”	山東招金金銀精煉有限公司 (Shandong Zhaojin Gold and Silver Refinery Company Limited*), a limited liability company established in the PRC on 16 October 2001 and a 80.5% owned subsidiary of Shandong Zhaojin as at the date of this announcement
“Zhaojin Shunhe”	山東招金舜和國際飯店有限公司 (Zhaojin Shunhe International Hotel Limited*), which is owned as to 100% by the Company as at the date of this announcement
“%”	per cent.

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

Zhaoyuan, the PRC, 31 December 2020

As at the date of this announcement, the Board comprises Mr. Weng Zhanbin, Mr. Dong Xin and Mr. Wang Ligang as executive Directors, Mr. Zhang Banglong, Mr. Liu Yongsheng, Mr. Gao Min and Mr. Huang Zhen as non-executive Directors, Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Wei Junhao and Mr. Shen Shifu as independent non-executive Directors.

* For identification purposes only