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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

CONTINUING CONNECTED TRANSACTIONS

(1) LAND LEASE AGREEMENT

On 28 December 2011, the Company entered into the Land Lease 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 2012 to 31 December 2014.

(2) GOLD REFINERY AGREEMENT

On 28 December 2011, 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 2012 to 31 December 2014.

(3) DIGITAL MINE CONSTRUCTION TECHNOLOGY SERVICES AGREEMENT

On 28 December 2011, the Company entered into the Digital Mine Construction Technology Services Agreement with Goldsoft Technology, pursuant to which Goldsoft Technology agreed to provide Digital Mine Construction Technology Services to the Group for a term of three years commencing from 1 January 2012 to 31 December 2014.

(4) FRAMEWORK AGREEMENT FOR SALE OF SILVER

On 28 December 2011, the Company entered into the Framework Agreement for Sale of Silver with Zhaojin Import and Export, pursuant to which the Group agreed to sell silver to Zhaojin Import and Export and its subsidiaries for a term of three years commencing from 1 January 2012 to 31 December 2014.

CONTINUING CONNECTED TRANSACTIONS

As at the date of this announcement, Shandong Zhaojin is the controlling Shareholder of the Company. Zhaojin Refinery, Goldsoft Technology and Zhaojin Import and Export are Associates of Shandong Zhaojin and are therefore connected persons of the Company and the transactions contemplated under the Land Lease Agreement, the Gold Refinery Agreement, the Digital Mine Construction Technology Services Agreement and the Framework Agreement for Sale of Silver constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Land Lease Agreement, the Gold Refinery Agreement, the Digital Mine Construction Technology Services Agreement and the Framework Agreement for Sale of Silver are less than 5%, the transactions under the Land Lease Agreement, the Gold Refinery Agreement, the Digital Mine Construction Technology Services Agreement and the Framework Agreement for Sale of Silver are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(1) LAND LEASE AGREEMENT

Date

28 December 2011

Parties

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

Leased land

The land use rights of 21 parcels of land covering a total area of 655,146.64 sq.m. in Zhaoyuan, Shandong, the PRC

Term

From 1 January 2012 to 31 December 2014 (subject to the term of the land use rights)

The Group has a priority right to lease the land use rights from Shandong Zhaojin in the event that Shandong Zhaojin continues to lease out the land use rights after expiry of the lease term under the Land Lease Agreement.

Subject to compliance with applicable law and regulations and the articles of association of the Company and Shandong Zhaojin, the Land Lease Agreement may be renewed for a further term of 1 year at the request of the Company.

After expiry of the term of land use rights, if the Company is required to continue to lease the land use rights, Shandong Zhaojin will use its best endeavour to renew the term of the land use rights.

The Company has the right to terminate the lease of some of the land use rights under the Land Lease Agreement by offering one month's prior written notice. In such event, the aggregate rental payable by the Company would be reduced accordingly.

Rental and payment

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

According to the Land Lease Agreement, the annual rental for the land use rights for the three years ending 31 December 2012, 31 December 2013 and 31 December 2014 will be RMB4,582,891.79, RMB4,514,190.74 and RMB4,434,668.75, respectively.

The rental is payable by the Company to Shandong Zhaojin on an annual basis before 31 December of each year by way of cash, bank draft or bank transfer. If the Company terminates the lease of all or some of land use rights before expiry of the Land Lease Agreement, the rental shall be paid on the basis of the actual term for the lease of such land use right(s).

Other major terms

The Company shall be responsible for the water, electricity and heat charges and 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 expiry of the lease term or termination of the Land Lease 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 its 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 same terms offered by the third party purchaser. If there is a change of the land use rights holder during the term of the lease, the Land Lease 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 2009 and 31 December 2010 and the ten months ended 30 October 2011 are set out as follows:

	For the year ended 31 December 2009	For the year ended 31 December 2010	For ten months ended 30 October 2011
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	(approximately)	(approximately)	(approximately)
Land use rights rental payable by the Company to Shandong Zhaojin	3.96	3.93	3.83

Annual cap

The Company expects the annual rental for the land use rights for the three years ending 31 December 2012, 31 December 2013 and 31 December 2014 shall not exceed RMB4,590,000, RMB4,520,000 and RMB4,440,000, respectively, after taking into account the historical fees payable by the Company for the lease of the land use rights and the rental payable by the Company under the Land Lease Agreement.

Reasons for and benefits of entering into the Land Lease Agreement

The Company has been leasing certain land 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 Agreement, the Directors (including the independent non-executive Directors) consider that the entering into of the Land Lease Agreement is in the interests of the Company and the Shareholders as a whole, and the terms thereof are on normal commercial terms and fair and reasonable.

(2) GOLD REFINERY AGREEMENT

Date

28 December 2011

Parties

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

Term

From 1 January 2012 to 31 December 2014

Subject to compliance with applicable law and regulations and the articles of association of the Company and Zhaojin Refinery, the Gold Refinery Agreement may be renewed by the parties after arm's length negotiations for a further term of three years.

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 3kgAu9995 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 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 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 Refining 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 same type of services provided in 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.

Refinery fee 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 cash, bank draft or bank transfer.

Other major terms

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

In the event that Zhaojin Refinery's refinery capacity is insufficient to accommodate the refinery needs of all its customers, it will give priority to the Group's refinery needs provided that the terms offered by third parties to Zhaojin Refinery are no more favourable than the terms offered by the Company.

In the event that the amount of crude gold provided to Zhaojin Refinery is less than 150 kilograms, Zhaojin Refinery shall deliver the equivalent amount of 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 of the remaining gold bullion shall be agreed by both parties taking into account the amount of crude gold to be processed and the production capacity (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 refining services by Zhaojin Refinery to the Group for the two years ending 31 December 2009 and 31 December 2010 and the ten months ended 30 October 2011 are set out as follows:

	For the year ended 31 December 2009	For the year ended 31 December 2010	For ten months ended 30 October 2011
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	(approximately)	(approximately)	(approximately)
Gold refinery fee payable by the Group to Zhaojin Refinery	4.17	4.23	3.20

Annual cap

The Company expects that the annual fees payable by the Company to Zhaojin Refinery for the provision of gold refinery services for the three years ending 31 December 2012, 31 December 2013 and 31 December 2014 shall not exceed RMB7,300,000, RMB8,400,000 and RMB9,700,000, respectively.

The above annual caps are arrived at after taking into account (i) the historical fees payable by the Company to Zhaojin Refinery for the provision of the gold refinery services; and (ii) the expected increase in the sales and production of gold by the Group.

Reasons for and benefits of entering into the Gold Refinery Agreement

As stated in the Prospectus, 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 the crude gold to standard gold bullion. Zhaojin Refinery is a licensed gold refinery in the PRC and has been commissioned by the Company to refine its gold 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 on normal commercial terms and fair and reasonable.

(3) DIGITAL MINE CONSTRUCTION TECHNOLOGY SERVICES AGREEMENT

Date

28 December 2011

Parties

- (i) The Company; and
- (ii) Goldsoft Technology

Term

From 1 January 2012 to 31 December 2014

Subject to compliance with applicable law and regulations and the Listing Rules and the articles of association of the Company and Goldsoft Technology, the Digital Mine Construction Technology Services Agreement may be renewed at the request of the Company for a further term of three years.

The Company is entitled to terminate the Digital Mine Construction Technology Services Agreement by giving one month's prior written notice to Goldsoft Technology.

Digital Mine Construction Technology Services

Goldsoft Technology agreed to provide to the Group overall planning, implementation and technology services for its digital mining, which include (i) a series of digital mine construction software and projects including systems for the purposes of, among others, assisting in decision making and analysis for three-dimensional geology, survey and mining processes in metal mines, evaluation of mental mineral resources and assessment of economic ore bodies, mining design and assessment, formulation and simulation of production plans, and safety production; (ii) digital mine system construction and integration including systems for the purposes of, among others, safety control and protection from risks, monitoring and early warning for tailings safety as well as the safety management, monitoring and early warning control; and (iii) automation control system and projects for the purposes of, among other things, automation control in the process of dressing, smelting and production, automation control of ventilation and drainage and online monitoring and resource management.

The parties will enter into specific operational contracts for the actual Digital Mine Construction Technology Services to be provided by Goldsoft Technology to the Group and such specific operational contracts shall be in line with the principles of the Digital Mine Construction Technology Services Agreement.

Consideration and payment

The fees payable by the Company to Goldsoft Technology under the Digital Mine Construction Technology Services Agreement are determined based on the actual services to be provided by Goldsoft Technology and the market price, which means the price for the same type of services charged by independent third parties at that time in the ordinary course of business under normal commercial terms.

The parties to the Digital Mine Construction Technology Services Agreement agreed that the price at which Goldsoft Technology provides Digital Mine Construction Technology Services to the Group shall not be higher than the price charged by Goldsoft Technology on any independent third party at the same period of time for the provision of same type of services in normal course of business and shall not be higher than the price offered by any independent third party to the Group at the same period of time for the provision of same type of services.

The payment terms for the provision of Digital Mine Construction Technology Services will be set out in the specific operational contracts to be entered into between Goldsoft Technology and the Company.

Other major terms

The Group is entitled to engage any other third parties to provide the Digital Mine Construction Technology Services but shall give priority to Goldsoft Technology in the provision of the Digital Mine Construction Technology Services if the terms offered by third party are no more favourable than the terms offered by Goldsoft Technology.

In the event that Goldsoft Technology cannot meet the demand of the Group in any aspect (including but not limited to technology, quality and quantity), the Group is entitled to instruct other third parties for the provision of the same or similar kind of Digital Mine Construction Technology Services.

In the event that Goldsoft Technology's technological capability is insufficient to accommodate the needs of all its other customers, it will give priority to the Group's needs provided that the terms offered by third parties to Goldsoft Technology are no more favourable than the terms offered by the Group.

Historical figures

The historical amounts of the fees for the provision of Digital Mine Construction Technology Services by Goldsoft Technology to the Group for the two years ending 31 December 2009 and 31 December 2010 and the ten months ended 30 October 2011 are set out as follows:

	For the year ended 31 December 2009	For the year ended 31 December 2010	For ten months ended 30 October 2011
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	(approximately)	(approximately)	(approximately)
Fee payable by the Group to Goldsoft Technology for the provision of Digital Mine Construction Technology Services	1.36	2.91	5.44

Annual cap

The Company expects the total annual fees for provision of Digital Mine Construction Technology Services for the three years ending 31 December 2012, 31 December 2013 and 31 December 2014 shall not exceed RMB37,700,000, RMB43,100,000 and RMB38,500,000, respectively.

The annual caps have been determined with reference to: (i) the historical fees paid by the Company to Goldsoft Technology for the provision of Digital Mine Construction Technology Services; (ii) the needs for the Digital Mine Construction Technology Services in upgrading and enhancing the facilities of the existing mines of the Group; (iii) the needs for the Digital Mine Construction Technology Services in the newly-acquired mines of the Group; and (iv) the price of the Digital Mine Construction Technology Services as quoted by Goldsoft Technology.

The substantial increase in annual caps for the three years ending 31 December 2014 (as compared to the annual caps for the three years ended 31 December 2011) is mainly attributable to the following reasons: (i) the mining enterprises were compulsorily required by the State Administration of Work Safety to set up “six major systems” for safety operation; (ii) the Digital Mine Construction Technology Services for the previous three years were still in its initial stage of research and development; (iii) the Digital Mine Construction Technology Services currently has reached its mature and stable stage and the Group plans to promote and apply it for the three years ending 31 December 2014; and (iv) the Digital Mine Construction Technology Services has enhanced the efficiency of the management of the mines.

Reasons for and benefits of entering into the Digital Mine Construction Technology Services Agreement

Since March 2009, with an aim to further strengthen the safety production of non-coal mine enterprises and enhance their safety production and management level, Zhaoyuan Municipal Government thus encouraged digitalisation of mining process through digital mine construction. The Group’s Xiadian Gold Mine and Dayingezhuang Gold Mine are cited as models for digital mining. The Group further recognizes the importance of fully strengthening the application of information technology and computers in enhancing the geology, survey and mining processes and facilitating production planning and management and mine safety, which in turn will accelerate the pace for mechanization, automation and digitalization of the Group’s mines. Goldsoft Technology, being a well-known enterprise for its advanced technology and digitalization engaging in the provision of information technology services and digital mine construction in the gold industry, possesses many years of experience in the provision of information, automated and digital systems for mines and has been providing digital mine construction technology services to Shandong Zhaojin in the past years.

Given the aforesaid and after taking into account the terms of the Digital Mine Construction Technology Services Agreement, the Directors (including the independent non-executive Directors) consider that the entering into of the Digital Mine Construction Technology Services Agreement is in the interests of the Company and the Shareholders as a whole, and the terms thereof are on normal commercial terms and fair and reasonable.

(4) FRAMEWORK AGREEMENT FOR SALE OF SILVER

Date

28 December 2011

Parties

- (i) The Company; and
- (ii) Zhaojin Import and Export

Term

From 1 January 2012 to 31 December 2014

Subject to compliance with applicable law and regulations and the Listing Rules, the Framework Agreement for Sale of Silver may be extended or renewed by the parties.

Product to be sold by the Group to Zhaojin Import and Export

Silver (Around Ag 99.0%)

Consideration and payment

The Group agreed to sell silver to Zhaojin Import and Export at market price, which will be determined on an arm's length basis with reference to the morning or afternoon spot settlement price of No. 2 Silver quoted in Shanghai White Platinum & Silver Exchange (上海華通鉑銀交易所) on the date of price determination and taking the highest price quoted by other buyers of silver. The parties to the Framework Agreement for Sale of Silver have agreed that the price at which the Group sells silver to Zhaojin Import and Export shall not be lower than the price charged by the Group on independent third parties for the sale of same type of silver sold.

Payment should be made by Zhaojin Import and Export within two days from the date of price determination by bank draft or telegraphic transfer. After full payment of the purchase price by Zhaojin Import and Export, the Group shall deliver the silver to Zhaojin Import and Export.

Other major terms

Each party shall give priority in purchasing from or selling to the other party under the Framework Agreement for Sale of Silver provided that the terms offered by third party is no more favourable than the terms offered by the other party. Both parties are entitled to sell the product to, or purchase the product from, third party if the third party purchases or sells the same or similar product at a more favourable price than the price available under the Framework Agreement for Sale of Silver. Subject to compliance with the provisions of the Framework Agreement for Sale of Silver, the purchasing party is entitled to purchase the same or similar product from third party if the provision of products by the selling party cannot meet the demand (either qualitatively or quantitatively) of the purchasing party.

Historical figures

The historical amounts of the fees for sale of silver by the Group to Shandong Zhaojin Group for the two years ended 31 December 2009 and 31 December 2010 and the ten months ten months ended 30 October 2011 are set out as follows:

	For the year ended 31 December 2009	For the year ended 31 December 2010	For ten months ended 30 October 2011
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	(approximately)	(approximately)	(approximately)
Sale of silver by the Group to Shandong Zhaojin	37.51	96.43	40.38

Annual cap

The Company expects the total annual fees for the sale of silver for the three years ending 31 December 2012, 31 December 2013 and 31 December 2014 shall not exceed RMB160,000,000, RMB180,000,000 and RMB200,000,000, respectively which are determined with reference to: (i) the historical sales of silver by the Group; (ii) the expected demand for silver by Zhaojin Import and Export; (iii) the average historical sale prices of silver by the Group to independent third parties; and (iv) the possible increase in the price of silver in light of the historical fluctuations in the price of silver.

The substantial increase in annual caps for the three years ending 31 December 2014 (as compared to the annual caps for the three years ended 31 December 2011) is mainly attributable to the increases in the production volume and price of silver.

Reasons for and benefits of entering into the Framework Agreement for Sale of Silver

Zhaojin Import and Export is a well-established enterprise and a member of Shanghai Huatong. As the Company and Zhaojin Import and Export are both subsidiaries of Shandong Zhaojin and the payment under the Framework Agreement for Sale of Silver entitles the Company to deliver silver to Zhaojin Import and Export after payment is received by the Company, which can ensure that the payment will not be delayed and minimize all the credit risks involved.

Given the aforesaid and after taking into account the terms of the transactions under the Framework Agreement for Sale of Silver, the Directors (including the independent non-executive Directors) consider that the entering into of the Framework Agreement for Sale of Silver is in the interests of the Company and the Shareholders as a whole, and the terms thereof are on normal commercial terms and fair and reasonable.

GENERAL

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

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.

Zhaojin Refinery is principally engaged in the smelting and refining of gold and silver, acquisition, processing and sale of precious metals compounds in the PRC.

Goldsoft Technology is principally engaged in the provision of information and automated systems for mines and digital mine construction in the PRC.

Zhaojin Import and Export is principally engaged in import and export of goods and technology, industry investment permitted under the state policies, mining technology consulting services (other than those prohibited by the state, and those a operating permit is required should be operated with permits) and sale of gold, silver, jewellery and chemical products (except chemical hazards).

BOARD'S APPROVAL

The Land Lease Agreement, the Gold Refinery Agreement, the Digital Mine Construction Technology Services Agreement and the Framework Agreement for Sale of Silver were approved by the Board and none of the Directors have any material interest in the transaction contemplated thereunder. Mr. Lu Dongshang, Mr. Weng Zhanbin, Mr. Cong Jianmao and Mr. Wang Peifu have abstained from voting at the Board's meeting to approve the Land Lease Agreement, the Gold Refinery Agreement, the Digital Mine Construction Technology Services Agreement and the Framework Agreement for Sale of Silver by virtue of being the management staff of Shandong Zhaojin.

CONTINUING CONNECTED TRANSACTIONS

As at the date of this announcement, Shandong Zhaojin is the controlling Shareholder of the Company. Zhaojin Refinery, Goldsoft Technology and Zhaojin Import and Export are Associates of Shandong Zhaojin and are therefore connected persons of the Company and the transactions contemplated under the Land Lease Agreement, the Gold Refinery Agreement, the Digital Mine Construction Technology Services Agreement and the Framework Agreement for Sale of Silver constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Given that each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of each of the Land Lease Agreement, the Gold Refinery Agreement, the Digital Mine Construction Technology Services Agreement and the Framework Agreement for Sale of Silver are less than 5%, the transactions under the Land Lease Agreement, the Gold Refinery Agreement, the Digital Mine Construction Technology Services Agreement and the Framework Agreement for Sale of Silver are subject to the reporting and announcement requirements but are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

“Ag”	the symbol for the chemical element of silver
“Associate(s)”	has the meaning ascribed to it under the Listing Rules
“Au9995”	the common standard for denoting gold purity adopted by the Shanghai Gold Exchange to conform with international practice, in which Au9995 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

“Digital Mine Construction Technology Services”	digital mine construction software and digital mine system integration, details of which are set out in the paragraph headed “Digital Mine Construction Technology Services” in the section headed “Digital Mine Construction Technology Services Agreement” in this announcement
“Digital Mine Construction Technology Services Agreement”	the framework agreement dated 28 December 2011 entered into between Goldsoft Technology and the Company in relation to the provision of Digital Mine Construction Technology Services by Goldsoft Technology to the Group
“Directors”	directors of the Company
“Framework Agreement for Sale of Silver”	the framework agreement for sale of silver dated 28 December 2011 entered into the Company and Zhaojin Import and Export in relation to the sale of silver by the Group to Zhaojin Import and Export and its subsidiaries
“Gold Refinery Agreement”	the agreement dated 28 December 2011 entered into between Zhaojin Refinery and the Company in relation to the provision of gold refining services by Zhaojin Refinery to the Company
“Goldsoft Technology”	山東金軟科技有限公司 (Shandong Goldsoft Technology Company Limited*), a limited liability company established in the PRC on 27 August 2001 and which is owned as to 77.04% by Shandong Zhaojin 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
“Land Lease Agreement”	the land lease agreement dated 28 December 2011 entered into between Shandong Zhaojin and the Company in relation to the leasing of the land use rights for 21 parcels of land with an aggregate area of 655,146.64 sq. m. in Zhaoyuan, Shandong, the PRC by Shandong Zhaojin to the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“No. 2 Silver”	2號國標白銀, being silver with a silver content of 99.95%
“Prospectus”	The prospectus of the Company dated 24 November 2006 in relation to the initial public offering of the Company
“PRC”	the People’s Republic of China

“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
“Shanghai Huatong”	Shanghai White Platinum & Silver Exchange (上海華通鉑銀交易市場), an integrated non-ferrous metal service provider established by the China General Chamber of Commerce in July 2003, which is principally engaged in the trading of white platinum and silver and bidding of non-ferrous metal, as well as an authority of the price quotation of valuable metal
“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)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“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 30% 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
“RMB”	Renminbi, the lawful currency of the PRC
“sq. m.”	square meter(s)
“%”	per cent.

By order of the Board
Zhaojin Mining Industry Company Limited
Lu Dongshang
Chairman

Zhaoyuan, the PRC, 28 December 2011

As at the date of this announcement, the Board comprises Mr. Lu Dongshang and Mr. Weng Zhanbin as executive Directors, Mr. Liang Xinjun, Mr. Cong Jianmao, Mr. Wang Peifu, Mr. Wu Zhongqing and Mr. Chen Guoping as non-executive Directors, Mr. Ye Tianzhu, Mr. Yan Hongbo, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo as independent non-executive Directors.

* For identification purposes only