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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)**

**FURTHER ANNOUNCEMENT IN RELATION TO  
A CONNECTED TRANSACTION IN RESPECT OF  
THE SUCCESSFUL ACQUISITION OF  
THE ZAOYANGSHAN EXPLORATION RIGHT AND  
ITS ANCILLARY ASSETS BY THE COMPANY'S  
WHOLLY-OWNED SUBSIDIARY ZHAOYUAN JINTINGLING MINING  
INDUSTRY COMPANY LIMITED**

The Board is pleased to announce that, on 21 December 2011, the Purchaser (namely Zhaoyuan Jintingling Mining Industry Company Limited\*, a wholly-owned subsidiary of the Group) received from Yantai Joint Property Right Exchange Center a confirmation regarding the successful bidding in relation to the Acquisition by the Purchaser, and was therefore qualified for acquisition of the Zaoyangshan Exploration Right and its ancillary assets at a consideration of RMB28,000,000. Subsequently on 21 December 2011, the Purchaser and the Vendor entered into an Asset Transfer Agreement, except that there is a change in terms of payment, other major terms of which are the same as those set out in the Announcement.

Shandong Zhaojin is a controlling Shareholder of the Company and the Vendor is a wholly-owned subsidiary of Shandong Zhaojin. The Vendor is therefore a connected person of the Company and the transactions contemplated under the Asset Transfer Agreement constitute a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules. Since the relevant percentage ratio(s) (as defined under the Listing Rules) in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Directors consider that the Acquisition will enable the Group to extend its ore bodies in/near existing mines of the Group, thereby increasing its future gold reserve and enhancing its competitiveness and continuing development capability.

Reference is made to the announcement of the Company in relation to a connected transaction in respect of the Acquisition dated 7 December 2011 (the "Announcement"). Unless otherwise specified, capitalised terms used herein shall have the same meanings as those defined in the Announcement.

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### **Date**

21 December 2011

### **Parties**

Vendor: 山東招金集團招遠黃金冶煉有限公司 (Zhaoyuan Gold Smelting Company Limited\*), a wholly-owned subsidiary of Shandong Zhaojin which is a controlling Shareholder of the Company, and the transferor under the Asset Transfer Agreement;

Purchaser: 招遠市金亭嶺礦業有限公司 (Zhaoyuan Jintingling Mining Industry Company Limited\*), a wholly-owned subsidiary of the Company, and the transferee under the Asset Transfer Agreement.

### **Subject of the transaction**

The Zaoyangshan Exploration Right and its ancillary assets.

### **Consideration**

The consideration for the acquisition of the Zaoyangshan Exploration Right and its ancillary assets is RMB28,000,000.

### **Change of titles**

The Vendor and the Purchaser have agreed that they will coordinate and jointly carry out the registration procedures for change of titles with the relevant governing authority within five business days after the Vendor obtaining the relevant property right transaction certificate. The Vendor shall transfer all the assets relating to the Zaoyangshan Exploration Right and its ancillary assets together with a full set of required documents including the relevant assets lists and title certificates to the Purchaser for verification by 31 December 2011.

### **Terms of payment**

The payment will be settled in full by cash and the Purchaser will pay the consideration by cash to obtain the Zaoyangshan Exploration Right and its ancillary assets held by the Vendor. As at the date of this announcement, the Purchaser has paid the security deposit of RMB5 million, which has automatically been used to settle part of the consideration for the transfer of the relevant titles on the date of the Asset Transfer Agreement. It is mutually agreed that (i) within 10 business days from the date of the Asset Transfer Agreement, the Purchaser shall pay 50% of the consideration for the transfer of the relevant titles (including the security deposit of RMB5 million which has automatically been used to settle part of such consideration); and (ii) the Purchaser shall fully settle the balance of the consideration within 10 business days from the date the Purchaser has become the owner of the Zaoyangshan Exploration Right after the relevant exploration permit is obtained.

## **Listing Rules Implications**

Shandong Zhaojin is a controlling Shareholder of the Company and the Vendor is a wholly-owned subsidiary of Shandong Zhaojin. The Vendor is therefore a connected person of the Company and the transactions contemplated under the Asset Transfer Agreement constitute a connected transaction for the Company pursuant to Chapter 14A of the Listing Rules. Since the relevant percentage ratio(s) (as defined under the Listing Rules) in respect of the Acquisition are more than 0.1% but less than 5%, the Acquisition is subject to the reporting and announcement requirements, but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

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

Zhaoyuan, the PRC, 21 December 2011

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

*If there is any inconsistency between the Chinese names of the PRC entities mentioned in this announcement and their English translations, the Chinese names shall prevail.*

\* *For identification purpose only*