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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)

VOLUNTARY ANNOUNCEMENT

ACQUISITION OF 51% EQUITY INTEREST IN

甘肅鑫瑞礦業有限公司(Gansu Xinrui Mining Industry Company Limited*)

The Board of the Company is pleased to announce that on 23 November 2012, it resolved to approve the acquisition of 51% equity interest in Xinrui Mining. The consideration of the transaction is RMB255 million (which is subject to adjustment, but the total consideration shall not exceed RMB1 billion). On 13 December 2012, the Company entered into the Equity Transfer Agreements with Histan and No.3 Exploration Institute (being the vendors), respectively.

Histan currently holds 10% equity interest in 甘肅招金貴金屬冶煉有限公司 (Zhaojin Precious Metal Smelting (Gansu) Co., Ltd*), a subsidiary of the Company. No.3 Exploration Institute currently holds 30% equity interest in 甘肅招金貴金屬冶煉有限公司 (Zhaojin Precious Metal Smelting (Gansu) Co., Ltd*), a subsidiary of the Company, and 30% equity interest in Gansu Hezuo Zaozigou Gold Mine Company Limited, a subsidiary of the Company. The transaction constitutes a connected transaction of the Company, but is exempt from reporting, announcement and the independent shareholders' approval requirements under Rule 14A.31(9) of the Listing Rules. The announcement is published by the Company on a voluntary basis. In addition, the transaction does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules.

Upon completion of the acquisition, the Company will hold 51% equity interest in Xinrui Mining. Therefore, Xinrui Mining will become a non-wholly owned subsidiary of the Company. The acquisition will help to increase the resources reserve of the Company and enhance the profitability and competitiveness of the Company.

Shareholders and potential investors are advised by the Board of the Company to exercise caution when dealing in the Shares.

BACKGROUND

The Board is pleased to announce that on 13 December 2012, the Company entered into the Equity Transfer Agreements with the Vendors to acquire an aggregate of 51% equity interest in Xinrui Mining at a consideration of RMB255 million. The consideration under the Equity Transfer Agreements is subject to adjustments for any Additional Value. However, the total consideration for the Equity Transfer shall not exceed RMB1 billion. Upon completion of the Equity Transfer, Xinrui Mining will become a non-wholly owned subsidiary of the Company.

MAJOR TERMS

Date: 13 December 2012

Parties

Vendor A: Histan, a company with limited liability established in the PRC holding 10% equity interest in 甘肅招金貴金屬冶煉有限公司 (Zhaojin Precious Metal Smelting (Gansu) Co., Ltd*), a subsidiary of the Company. Its principle activities are investing in and setting up industrial enterprises, domestic trade, and investing in mining enterprises, etc.

Vendor B: No.3 Exploration Institute, an institutional entity (事業法人) established in the PRC holding 30% equity interest in 甘肅招金貴金屬冶煉有限公司 (Zhaojin Precious Metal Smelting (Gansu) Co., Ltd*), a subsidiary of the Company and holding 30% equity interest in Zaozigou Gold Mine, a subsidiary of the Company. Its principle activity is geological survey.

Purchaser: the Company

Subject of the transaction

51% equity interest in Xinrui Mining.

Consideration of the transaction

- (1) the consideration payable for acquisition of the 40% equity interest held by Histan is RMB200 million;
- (2) the consideration payable for acquisition of the 11% equity interest held by No.3 Exploration Institute is RMB55 million; and

The consideration of the transaction was arrived at by the Vendors and the Company after arm's length negotiation having taken into account the valuation of Xinrui Mining as of 30 September 2012 based on the valuation of the net assets (including various assets such as the current, non-current, fixed and intangible assets of Xinrui Mining) and current liabilities of Xinrui Mining issued by an independent valuer, provided that such valuation only reflects the appraised value of the exploration right covering the Explored Area).

- (3) If additional gold resource reserves are discovered during the exploration period agreed by the Vendors and the Purchaser, the Company shall adjust the consideration and pay a compensation based on the value of such resource reserves as appraised by a valuer appointed by the parties to the transaction (the “Additional Value”) as follows:

Histan: 40% x Additional Value;

No.3 Exploration Institute: 11% x Additional Value.

Nevertheless, the total consideration for the Equity Transfer shall not exceed RMB1 billion.

The consideration of the transaction will be paid by cash by instalments and will be financed by the internal resources of the Company. If additional gold resource reserves are discovered during the exploration period, the Company shall pay the compensation within 90 business days from the date of issue of the valuation certificate in relation to the Additional Value by relevant valuer.

Validation and completion

Pursuant to the Equity Transfer Agreement entered into between the Company and No.3 Exploration Institute, the transaction with No.3 Exploration Institute is subject to approvals according to relevant laws and regulations, including the completion of the procedures for the disposal of state-owned assets.

The Board anticipates that, upon obtaining all requisite approvals, the relevant transaction will be completed within 90 days therefrom or on such other date(s) as may be agreed by the Company and No.3 Exploration Institute.

BASIC INFORMATION ON XINRUI MINING

Established in November 2008, Xinrui Mining is a joint venture between Histan and No.3 Exploration Institute. It is held by Histan and No.3 Exploration Institute as to 55% and 45% respectively. It is primarily engaged in exploration of mineral resources, sales of mineral products and provision of mining consultancy services. Xinrui Mining owns the Ge Lou Ang Exploration Right covering an explorable area of 19.13 square kilometres. Such project is located in the surrounding areas of Zaozigou Gold Mine (a subsidiary of the Company) and lies in the same metallogenic belt with Zaozigou Gold Mine and has optimistic metallogenic prospects.

REASONS FOR AND BENEFITS OF THE ACQUISITION

This acquisition will help the Company to strengthen its competitiveness, by acquiring favourable resources and achieving sustainable development. It will contribute to the integrated planning and development together with Zaozigou Gold Mine as well as the expansion of our mining and processing scale; and benefit the Company’s exploitation of resource reserves in a timely, scientific and rational manner to lower the overall cost and enhance the profitability of the Company.

Based on the mining rights valuation report issued by the independent valuer, there are 11,187,300 tonnes of ore reserve and 27,381.00 kilograms of gold in the Explored Area with an average geological grade of Au 2.45 gram per tonne.

Given that the Exploration Right is within the surrounding areas of Zaozigou Gold Mine of the Company, which have excellent metallogenetic conditions and several ore bodies, such areas have great potential of increasing the mineral reserves, and will facilitate the Company's integrated planning and intensive mining. In addition, the acquisition will help the Group to improve synergies and increase its resource reserve, thereby further improving the Company's profitability and competitiveness while increasing the Company's influence in Gansu. Furthermore, the acquisition is in line with the Company's overall strategic planning for the development of its gold business and of great significance to the Company's strategy to become a specialized gold production enterprise.

BOARD'S APPROVAL

Having taken into account the above factors, the Directors (including the independent non-executive Directors) believe that the terms of the Acquisition are on normal commercial terms and are fair and reasonable and the Acquisition is in the interests of the Company and the Shareholders as a whole. The Board of Directors has approved the Equity Transfer Agreements. Since no director owns any material interest in the transactions contemplated under the Equity Transfer Agreements, none of the directors is required to abstain from voting at the meeting to approve the Equity Transfer Agreements.

LISTING RULES IMPLICATIONS

As at the date of this announcement, each of the vendors is a connected person of the Company under Chapter 14A of Listing Rules. Therefore, the transaction constitutes a connected transaction of the Company, but is exempt from reporting, announcement and the independent shareholders' approval requirements under Rule 14A.31(9) of the Listing Rules. In addition, the transaction does not constitute any notifiable transaction of the Company under Chapter 14 of the Listing Rules.

INFORMATION ON THE GROUP

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

The Equity Transfer Agreement entered into between the Company and No.3 Exploration Institution is subject to approvals according to the relevant laws and regulations.

Shareholders and potential investors are advised by the Board of the Company to exercise caution when dealing in the Shares.

DEFINITION

In this announcement, unless the context otherwise requires, capitalized terms used shall have the following meanings:

“Additional Value”	has the meaning ascribed to it under the section headed “Consideration of the transaction” in this announcement
“Board”	the Board of Directors
“Company”	Zhaojin Mining Industry Company Limited* (招金礦業股份有限公司)
“Connected Person(s)”	has the meaning ascribed to it under the Hong Kong Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer”	the acquisition of an aggregate of 51% equity interest in Xinrui Mining by the Company pursuant to the Equity Transfer Agreements
“Equity Transfer Agreements”	the equity transfer agreements and the supplemental agreements dated 13 December 2012 entered into between the Company and each of the Vendors in relation to the Equity Transfer
“Explored Area”	the area covered by the Assessment Report on the Detailed Exploration Right of No. 292-330 Line of Ge Lou Ang Section of Zaozi Gou Gold Mine
“Ge Lou Ang Exploration Right”	the exploration right of gold under the Mineral Resources Exploration Permit (礦產資源勘查許可證) (No. T62120080202012710) in relation to the detailed exploration of Ge Lou Ang section of Zaozi Gou Gold Mine
“Group”	the Company and its subsidiaries
“Histan”	深圳市海仕通投資集團有限公司 (Shenzhen Histan Investment Group Limited*)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited
“No.3 Exploration Institute”	甘肅省地質礦產勘查開發局第三地質礦產勘查院 (The Third Institute of Geological and Mineral Exploration of Gansu Provincial Bureau of Geology and Mineral Resources*)
“PRC or China”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC

“Vendors”	Histan and No.3 Exploration Institute
“Xinrui Mining”	甘肅鑫瑞礦業有限公司 (Gansu Xinrui Mining Industry Company Limited*)
“Zaozigou Gold Mine”	Gansu Hezuo Zaozigou Gold Mine Company Limited, a subsidiary of the Company
“%”	per cent

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

Zhaoyuan, China, 13 December 2012

As at the date of this announcement, the Board comprises Mr. Lu Dongshang, Mr. Weng Zhanbin and Mr. Li Xiuchen as executive Directors, Mr. Liang Xinjun, Mr. Cong Jianmao, Mr. Ye Kai and Mr. Kong Fanhe as non-executive Directors, and Mr. Ye Tianzhu, Mr. Yan Hongbo, Ms. Chen Jinrong and Mr. Choy Sze Chung Jojo as independent non-executive Directors.

* *For identification purpose only*