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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

The Board announced that on 9 April 2013, the Company and Zhaojin Motian have concluded the Framework Agreement concerning Zhaojin Motian's provision of water treatment engineering services and relevant necessary super filter membrane and equipment for the Company from 9 April 2013 to 31 December 2015.

As at the date of this announcement, Zhaojin Group is a controlling shareholder of the Company, while Zhaojin Motian is a subsidiary in which Zhaojin Group holds 55% equity. Therefore, according to Chapter 14A of the Listing Rules, Zhaojin Motian is a connected person of the Company. The proposed transactions under the Framework Agreement concluded with Zhaojin Motian constitute the continuing connected transactions of the Company. As the applicable percentage ratios (other than the profits ratio) (as calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Framework Agreement are more than 0.1% but less than 5%, the Framework Agreement and the proposed transactions thereunder are subject to the annual review, reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board announced that on 9 April 2013, the Company and Zhaojin Motian have concluded the Framework Agreement concerning Zhaojin Motian's provision of water treatment engineering service and relevant required super filter membrane and equipment for the Company from 9 April 2013 to 31 December 2015.

FRAMEWORK AGREEMENT

Date

9 April 2013

Parties

- (i) The Company; and
- (ii) Zhaojin Motian, a subsidiary in which Zhaojin Group, the controlling shareholder of the Company, holds 55% equity

Term of the agreement

From 9 April 2013 to 31 December 2015

Services

Zhaojin Motian agrees to provide the Company with water treatment engineering services and necessary super filter membrane and equipment. Water treatment engineering services include purification of safe quality drinking water, domestic wastewater treatment and reclaimed water recycling, and mine wastewater treatment services. Specifications in relation to the provision of necessary super filter membrane, equipment and water treatment engineering services will be set out in separate documents entered into under the Framework Agreement based on actual conditions of the time.

Terms of pricing and payment

Zhaojin Motian and the Company will conclude separate agreements or orders concerning provision of water treatment engineering services and necessary super filter membrane and equipment from time to time during the term of the Framework Agreement, and the said separate agreements shall comply with the provisions of the Framework Agreement; price and terms relating to water treatment engineering services, super filter membrane and equipment to be provided by Zhaojin Motian for the Company shall be determined upon fair negotiation according to normal commercial terms during the ordinary course of business, and the price and terms provided for the Group shall not be less favourable than the price and terms provided by an independent third party for the Group.

The Company shall pay for the super filter membrane supplied by Zhaojin Motian by telegram transfer, with delivery on payment. The Company needs to pay a deposit equivalent to 30% of the total transaction value respectively for water treatment engineering services and relevant equipment supplied by Zhaojin Motian within three working days after signing of the related agreement or order, and makes another payment equivalent to 60% of the total transaction value before delivery of the relevant equipment. For water treatment engineering services, the Company needs to pay 60% of the total transaction value within three working days after the Company installs and debugs the equipment and the two parties verify that the equipment has met the index set out in the design scheme. The remaining 10% of the total transaction value in respect of water treatment engineering services and necessary equipment shall be used as retention money and be paid by the Company upon expiry of the warranty period.

The highest annual total value

The Company predicts that the highest annual total values (“annual caps”) of the proposed transactions under the Framework Agreement are set out below:

	<i>RMB (¥)</i>
For the year ended 31 December 2013	RMB30 million <i>Note</i>
For the year ended 31 December 2014	RMB40 million
For the year ended 31 December 2015	RMB50 million

Note: The said amount refers to the expected highest transaction amount between 9 April 2013 and 31 December 2013

The aforesaid annual caps are determined based on the following items: (i) amounts of previous transactions in which Zhaojin Motian was engaged to provide the Company with water treatment services; and (ii) increasing demand from the Company for water treatment services predicted according to the future business development of the Company.

PREVIOUS TRANSACTION AMOUNTS

Previous transaction amounts for Zhaojin Motian’s provision of water treatment services for the Company are specified below:

	For the year ended 31 December 2010	For the year ended 31 December 2011	For the year ended 31 December 2012
Water treatment service provided by Zhaojin Motian for the Company	RMB292,716	RMB733,856	RMB4,635,055

REASONS FOR AND BENEFITS OF ENTERING INTO THE WATER TREATMENT SERVICE AGREEMENT

The Company has taken environmental protection very seriously since its establishment. In line with the continuous growth of the Company and the society’s rising concern towards environmental protection, our investment in environmental protection has been increasing, where investment in water treatment comprises an integral part. The Company anticipated that there will be a continuous increase in demand of water treatment services from 2013 to 2015. The Company considers that since Zhaojin Motian is the only separation membrane materials engineering technology R&D center of provincial level in Shandong Province and has a complete industry chain spanning separation membrane technology R&D, production of membrane products and design and construction of membrane system, and its advanced separation membrane technology can be applied in solving various problems of water resources; also, given its familiarity with actual conditions of mines owned by the Company, it can provide the Company with reasonable opinions on water treatment. Engaging Zhaojin Motian as a supplier of water treatment engineering services may help lower the cost for water treatment of the Company and bring stronger technological support.

In view of the above, the Directors (including the independent non-executive Directors) consider that the provisions of the Framework Agreement are normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Zhaojin Group is the controlling shareholder of the Company, while Zhaojin Motian is a subsidiary in which Zhaojin Group holds 55% equity. Therefore, according to Chapter 14A of the Listing Rules, Zhaojin Motian is the connected person of the Company. The proposed transactions under the Framework Agreement constitute the continuing connected transactions of the Company. As the applicable percentage ratios (other than the profits ratio) (as calculated in accordance with Rule 14.07 of the Listing Rules) in respect of the Framework Agreement are more than 0.1% but less than 5%, the Framework Agreement and the proposed transactions thereunder are subject to the annual review, reporting and announcement requirements but are exempt from independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

APPROVAL OF THE BOARD

The Framework Agreement has been approved by the Board where none of the voting Directors bears any substantial interest of the proposed transactions under the Framework Agreement. As executives of Zhaojin Group, Mr. Lu Dongshang, Mr. Weng Zhanbin and Mr. Cong Jianmao have abstained from voting at the Board meeting relating to approval of the Framework Agreement.

GENERAL INFORMATION

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

Zhaojin Group 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 Motian commits itself to applying the advanced membrane separation technology to solution of various water problems. Its comprehensive businesses include fabrication of separation membrane, design and installation of water treatment equipment and technology development, covering purification of safe quality drinking water, treatment and recycling of domestic wastewater, treatment and resource utilization of industrial wastewater, etc.

DEFINITIONS

“Board”	the board of Directors of the Company
“Company”	招金礦業股份有限公司 (Zhaojin Mining Industry Company Limited*) (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”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Framework Agreement”	the Framework Agreement on supplying super filter membrane, equipment and water treatment engineering services for the Company by Zhaojin Motian, which was entered into between the Company and Zhaojin Motian on 9 April 2013
“Group”	The Company and its subsidiaries

“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”	Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Zhaojin Motian”	山東招金膜天有限責任公司 (Shandong Zhaojin Motian Co., Ltd.*), a subsidiary in which Zhaojin Group holds 55% equity
“Zhaojin Group”	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 and the controlling Shareholder of the Company as at the date of this announcement
“Shares”	Share(s) of RMB1 each in the capital of the Company, comprising the domestic shares and H Shares of the Company
“Shareholders”	holders of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“%”	per cent

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

Zhaoyuan, the PRC, 9 April 2013

As at the date of this announcement, members of the Board include three executive directors Mr. Lu Dongshang, Mr. Weng Zhanbin and Mr. Li Xiuchen, four non-executive directors Mr. Liang Xinjun, Mr. Cong Jianmao, Mr. Ye Kai and Mr. Kong Fanhe, and four independent non-executive directors Mr. Ye Tianzhu, Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo and Mr. Xie Jiyan.

* *For identification purposes only*