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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

EXPLORATION SERVICES AGREEMENT

The Board announces that on 21 March 2014, the Company entered into the Exploration Services Agreement with Shandong Zhaojin Geological in relation to the provision of exploration services by Shandong Zhaojin Geological to the Company for the period from 21 March 2014 to 31 December 2016.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Shandong Zhaojin is the controlling Shareholder of the Company and Shandong Zhaojin Geological is a wholly-owned subsidiary of Shandong Zhaojin. Shandong Zhaojin Geological is therefore a connected person of the Company and the transactions contemplated under the Exploration Services Agreement constitute continuing connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. As each of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the Exploration Services Agreement is more than 0.1% but less than 5%, the Exploration Services Agreement and the transactions contemplated thereunder are subject to the annual review, reporting and announcement requirements and are exempt from the independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

EXPLORATION SERVICES AGREEMENT

Date

21 March 2014

Parties

- (i) the Company; and
- (ii) Shandong Zhaojin Geological, a wholly-owned subsidiary of Shandong Zhaojin.

Term

The term of the Exploration Services Agreement shall commence from 21 March 2014 until 31 December 2016.

Subject to re-compliance with the reporting, announcement and independent Shareholders' approval requirements (to the extent applicable) under Chapter 14A of the Listing Rules and/or any other applicable requirements under the Listing Rules and/or any other relevant laws and regulations at the relevant time and the articles of association of the parties, the Exploration Services Agreement may be renewed for a further term of three years upon further agreement by the parties.

Services

Pursuant to the Exploration Services Agreement, Shandong Zhaojin Geological agreed to provide exploration services to the Company, which includes the compilation of drilling geology works, provision of sampling and lab test, as well as submission of information on exploration results (including geological exploration report) according to the relevant requirements; submission of geological exploration report and provision of assistance to the Company for application for exploration license.

Pricing & Payment Term

Shandong Zhaojin Geological and the Company shall, from time to time during the term of the Exploration Services Agreement, enter into separate agreement(s) in respect of the provision of the exploration services provided that such separate agreement(s) shall always be subject to the terms of the Exploration Services Agreement and the fees and terms with respect to the exploration services to be provided by Shandong Zhaojin Geological to the Company shall be determined in the ordinary course of business on normal commercial terms, negotiated on an arm's length basis and at fees and terms no less favourable to the Group than fees and terms available from independent third parties to the Group.

The fees for such exploration services include the fees for drilling geology works, geological services fees and other fees to be incurred according to actual circumstances.

The fees for drilling geology works is determined based on the prevailing market fee with reference to geological survey project budget standard of China Geological Survey Bureau (2010 edition). Geological services fees is determined according to standard budget survey for land and resources (2007 version). Other fees are to be negotiated according to actual circumstances.

The fees for the provision of exploration services are payable by the Company on an one-off basis upon completion of inspection.

MAXIMUM AGGREGATE ANNUAL VALUES

The Company expects that the maximum aggregate annual values (the “Annual Caps”) in respect of the transactions contemplated under the Exploration Services Agreement will be as follows:

	<i>RMB</i>
For the year ending 31 December 2014	90,000,000 <i>(Note)</i>
For the year ending 31 December 2015	100,000,000
For the year ending 31 December 2016	110,000,000

Note: This amounts refers to the anticipated maximum transaction amounts for the period from 21 March 2014 to 31 December 2014.

The above Annual Caps are determined with reference to: (i) the historical transaction amount in respect of the engagement of Shandong Zhaojin Geological for provision of exploration services to the Company in the past; and (ii) the anticipated increase in demand for exploration services by the Company in view of the business development of the Company in the future.

Since resource reserves are the foundation for the Company’s development and the Company will continue to increase investment in geological exploration areas in the future, it is therefore estimated that the transaction amounts for the provision of exploration services by Shandong Zhaojin Geological for the coming three years will be increased when compared to the actual transaction amounts in the past three years.

HISTORICAL TRANSACTION AMOUNTS

The historical transaction amounts in respect of the provision of exploration services by Shandong Zhaojin Geological to the Company are set out as follows:

	For the year ended 31 December 2011	For the year ended 31 December 2012	For the year ended 31 December 2013
Provision of exploration services by Shandong Zhaojin Geological to the Company	RMB27,265,000	RMB86,715,000	RMB65,313,000

REASONS FOR AND BENEFITS OF ENTERING INTO THE EXPLORATION SERVICES AGREEMENT

Since its establishment, Shandong Zhaojin Geological is principally engaged in geological exploration of gold, which integrates geology, exploration and research in one entity. It has a comprehensive exploration capability from general exploration to detailed exploration, from surface to underground, exploration from shallow exploration to deep exploration part. It has advanced mapping, geological exploration and test equipment as well as various types of exploration construction equipment, the power of technology is strong. Since 2011, Shandong Zhaojin Geological has been providing geological exploration services to the Company's mines and both parties have maintained good cooperation relationship for years. Shandong Zhaojin Geological is also familiar with the geological conditions and geography of the Company's mines.

The Company considers that Shandong Zhaojin Geological has well established technical facility, extensive exploration experience and good reputation and is familiar with the geological conditions of the mines owned by the Company, therefore, it will be able to offer reasonable advices to the Company in respect of the geological exploration works. The continuous engagement of Shandong Zhaojin Geological for the provision of exploration services may help to lower the exploration costs of the Company and enhance its technical support to the Company.

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

LISTING RULES IMPLICATIONS

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BOARD'S APPROVAL

The Exploration Services Agreement was approved by the Board and none of the Directors have any material interest in the transactions contemplated thereunder. Mr. Weng Zhanbin, Mr. Lu Dongshang and Mr. Cong Jianmao abstained from voting at the related Board meetings to approve the Exploration Services Agreement by virtue of being the management staff of Shandong Zhaojin.

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.

Shandong Zhaojin Geological is a professional geological exploration company holding a Class B qualification in solid mineral exploration, geological drilling and rock test. It was created by restructuring the Zhaoyuan City Gold Geology Team, which was the earliest county-level municipal professional gold exploration team in China. It has overall exploration capability ranging from general exploration to detailed exploration, from surface exploration to underground exploration, from placer gold exploration to rock gold exploration, and from shallow exploration to deep exploration. It owns advanced mapping, drilling, geological exploration and testing instruments. Prior to its corporate transformation, it also assumed some geological exploration business engagements from the Company. It has won recognition from the Company and market for its quality services, professional technology level and reasonable prices.

DEFINITIONS

“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”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Exploration Services Agreement”	the exploration services agreement dated 21 March 2014 entered into between the Company and Shandong Zhaojin Geological in relation to the provision of exploration services by Shandong Zhaojin Geological to the Company
“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”	the 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
“Shandong Zhaojin Geological”	Shandong Zhaojin Geological Prospecting Co., Ltd* (山東招金地質勘探有限公司), a wholly-owned subsidiary of Shandong Zhaojin

“Shandong Zhaojin”	Shandong Zhaojin Group Company Limited* (山東招金集團有限公司), a state-owned limited company established in the PRC on 28 June 1992 and a promoter and the controlling Shareholder of the Company
“Share(s)”	share(s) of RMB1 each in the capital of the Company, comprising the domestic shares and H Shares of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

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

Zhaoyuan, the PRC, 21 March 2014

As at the date of this announcement, the Board is comprised of three executive Directors, namely Mr. Weng Zhanbin, Mr. Li Xiuchen and Mr. Lu Dongshang, four non-executive Directors, namely Mr. Liang Xinjun, Mr. Cong Jianmao, Mr. Xu Xiaoliang and Mr. Kong Fanhe, and four independent non-executive Directors, namely Mr. Ye Tianzhu, Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo and Mr. Xie Jiyuan.

* *For identification purpose only*