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ZHAOJIN

**ZHAOJIN MINING INDUSTRY COMPANY LIMITED\***

**招金礦業股份有限公司**

*(a joint stock company incorporated in the People's Republic of China with limited liability)*

**(Stock Code: 1818)**

## **ANNOUNCEMENT**

### **FRAMEWORK PROPOSAL ON THE EMPLOYEE SHARES SUBSCRIPTION PLAN OF ZHAOJIN MINING INDUSTRY COMPANY LIMITED**

The Company is pleased to announce that, to further improve the corporate governance structure, enhance the workplace positivity and stability among employees, establish a long-term effective incentive and restraint mechanism of the Company and maximise the value of the Company and the shareholders, the Board resolved to implement the ESSP in the Company. The total number of the shares corresponding to the ESSP entitlements shall be no more than 10% of the total number of shares of the Company upon completion of the implementation of the ESSP, i.e. no more than 320,000,000 shares (which represents approximately 10.8% of the total issued share capital of the Company as at the date of this announcement). The shares corresponding to the ESSP entitlements are to be derived from the domestic shares to be issued under the non-public offering of the Company and certain shares are to be transferred from Fosun Industrial Investment, a shareholder of the Company, or its parties acting in concert. The respective number of shares shall be ultimately determined based on the level of subscription by the employees and the intention to transfer by the shareholder. As the ESSP is only a framework proposal, the management of the Company will further improve the ESSP in due course and the ESSP (Draft) is still subject to review by the Board and approval by the independent shareholders at the general meeting and/or by other regulatory authorities.

As it is anticipated that certain participants of ESSP are connected persons of the Company, the implementation of the ESSP may constitute a connected transaction of the Company and may be subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company shall make further announcement of the ESSP in accordance with the requirement of the Listing Rules when the terms of the ESSP are substantially finalized.

Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.

## **BACKGROUND**

To further improve the corporate governance structure, enhance the workplace positivity and stability among employees, establish a long-term effective incentive and restraint mechanism of the Company and maximise the value of the Company and the shareholders, the ESSP has been formulated in accordance with the relevant laws and regulations and the actual conditions of the Company.

## **MAJOR DETAILS OF THE PROPOSAL**

### **1. Number of Underlying Shares**

The total number of the shares corresponding to the ESSP entitlements shall be no more than 10% of the total number of shares of the Company upon completion of the implementation of the ESSP, i.e. no more than 320,000,000 shares (which represents approximately 10.8% of the issued share capital of the Company as at the date of this announcement). The shares corresponding to the ESSP entitlements are to be derived from the domestic shares to be issued under the non-public offering of the Company and certain shares are to be transferred from Fosun Industrial Investment, a shareholder of the Company, or its parties acting in concert. The respective number of shares shall be ultimately determined based on the level of subscription by the employees and the intention to transfer by the shareholder.

### **2. Price of Underlying Shares**

The price of the domestic shares to be issued under the non-public offering in connection with the ESSP shall be RMB3.40 per share, which is determined in accordance with the following principles: (i) such price shall not be lower than 80% of the average trading price of H shares of the Company over 20 trading days prior to the announcement of the framework proposal (where the average trading price of the shares over 20 trading days prior to the pricing reference date = the total trading amount of shares over 20 trading days prior to the pricing reference date ÷ the total trading volume of shares over 20 trading days prior to the pricing reference date); (ii) such price shall not be lower than the audited net asset per share of the Company at the end of last period (i.e. RMB3.29).

If any ex-rights or ex-dividend issue relating to the shares of the Company occurs during the period from the pricing reference date to the issue date, the issue price shall be adjusted accordingly.

### **3. Source of Shares**

- (1) Domestic shares to be subscribed under the non-public offering of the Company;
- (2) Shares agreed to be transferred from Fosun Industrial Investment, a shareholder of the Company, or its parties acting in concert. The details regarding the number of shares to be transferred and the transfer price shall be determined by the Company and the transferrer after negotiation.

### **4. Target Participants**

The list of target participants of the ESSP is determined according to the actual conditions of the Company pursuant to the Company Law, Securities Law, relevant laws and regulations, regulatory documents and the relevant provisions of the Articles of Association, which is anticipated to include but not limited to the executive directors and senior management and core technical and management personnel of the Company.

Details of the employees participating in the ESSP shall be ultimately determined by the Board.

### **5. Source of Fund**

The funds of the target participants for the subscription of shares under the ESSP shall be derived from the legitimate salary of the target participants or raised through other legitimate means.

## **CONDITIONS**

The implementation of the ESSP is subject to the following conditions:

- (1) obtaining the approval of the ESSP (Draft) by the Board;
- (2) obtaining the relevant approvals from SASAC of Shandong or from other relevant authorities (if any);
- (3) obtaining the approval of the ESSP (Draft) by the independent shareholders of the Company at the general meeting.

## **APPROVAL OF THE BOARD**

The framework proposal on the ESSP was approved at the meeting of the Board held on 27 May 2015. Mr. Weng Zhanbin, Mr. Li Xiuchen, Mr. Lu Dongshang and Mr. Cong Jianmao (being the directors of the Company) have abstained from voting as they may participate in the ESSP. The management was authorised at the meeting to further enhance the ESSP in due course and formulate the ESSP (Draft) of Zhaojin Mining Industry Company Limited which will be submitted to the Board and general meeting for consideration and approval.

## **INFORMATION ON THE GROUP**

The Group is principally engaged in exploration, mining, processing, smelting of gold as well as processing and sale of by-products in China.

As it is anticipated that certain participants of ESSP are connected persons of the Company, the implementation of ESSP may constitute a connected transaction of the Company and may be subject to the reporting, announcement and independent shareholders' approval under Chapter 14A of the Listing Rules. The Company shall make further announcement of the ESSP in accordance with the requirements of the Listing Rules when the terms of ESSP are substantially finalized.

**Shareholders and potential investors are reminded to exercise caution when dealing in the shares of the Company.**

## DEFINITIONS

“Articles of Association”	the articles of association of the Company
“Board”	the board of directors of the Company
“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
“ESSP”	the employee shares subscription plan of Zhaojin Mining Industry Company Limited
“Fosun Industrial Investment”	Shanghai Fosun Industrial Investment Co., Ltd.
“Group”	the Company and its subsidiaries
“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
“SASAC of Shandong”	the State-Owned Assets Supervision and Administration Commission of Shandong Provincial People’s Government
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By order of the Board  
**Zhaojin Mining Industry Company Limited\***  
*Chairman*  
**WENG Zhanbin**

Zhaoyuan, the PRC, 27 May 2015

*As at the date of this announcement, members of the Board comprise:*

*Executive directors: Mr. Weng Zhanbin, Mr. Li Xiuchen, Mr. Lu Dongshang and Mr. Cong Jianmao*

*Non-executive directors: Mr. Liang Xinjun, Mr. Xu Xiaoliang and Mr. Wu Yijian*

*Independent non-executive directors: Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Xie Jiyuan and Mr. Nie Fengjun*

\* *For identification purpose only*