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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)**

## **Connected Transaction**

### **Formation of a Joint Venture**

#### **INVESTMENT AGREEMENT**

The Board is pleased to announce that, on 29 December 2015, the Board approved a resolution in respect of the investment in the formation of the JV Company in the PRC with a total registered capital of RMB200,000,000 with Zhaojin Refinery, Goldsoft Technology and Yun-shang Buluo\*, an independent third party. On 30 December 2015, the Investment Agreement for the formation of the JV Company was entered into between the parties.

#### **LISTING RULES IMPLICATIONS**

Both Zhaojin Refinery and Goldsoft Technology are non wholly-owned subsidiaries of Zhaojin Group, a controlling shareholder of the Company, and therefore are connected persons of the Company under Chapter 14A of the Listing Rules. Accordingly, the transaction under the Investment Agreement constitutes a connected transaction of the Company under 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 transaction is more than 0.1% but less than 5%, the transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the Independent Shareholders' approval requirements.

#### **INTRODUCTION**

The Board is pleased to announced that, on 29 December 2015, the Board approved a resolution in respect of the investment in the formation of the JV Company in the PRC with a total registered capital of RMB200,000,000 with Zhaojin Refinery, Goldsoft Technology and Yun-shang Buluo\*. On 30 December 2015, the Investment Agreement for the formation of the JV Company was entered into between the parties.

## **INVESTMENT AGREEMENT**

Date : 30 December 2015.

Parties and their respective equity holding percentages in the JV Company : (a) the Company (60%);  
(b) Zhaojin Refinery (15%);  
(c) Goldsoft Technology (15%); and  
(d) Yun-shang Buluo\* (10%).

Total registered capital : RMB200,000,000.

Capital contribution: The registered capital of the joint venture is RMB200,000,000, which includes RMB120,000,000 to be contributed in cash by the Company (which will hold 60% equity interest and become the controlling shareholder of the JV Company); RMB30,000,000 to be contributed in cash by Zhaojin Refinery (which will hold 15% equity interest); RMB30,000,000 to be contributed in cash by Goldsoft Technology (which will hold 15% equity interest); and RMB20,000,000 to be contributed in the form of intellectual property (non-patented) by Yun-shang Buluo\*, an independent third party, (which will hold 10% equity interest) in the JV Company. The capital to be contributed by the Company will be financed by its internal resources. The JV Company will become a controlled subsidiary of the Company upon its establishment.

Timing for Monetary contribution: all shareholders who make their capital contribution by cash will make their respective capital contribution by instalment over four years, with 25% per year. Based on the JV Company's development needs and with the consensus of all shareholders, the remaining capital contribution can be made in advance at any time in such four years. Yun-shang Buluo will make its capital contribution in one lump-sum. Upon completion of the first installment contribution, Yun-shang Buluo will certify completion of transfer of its intellectual property right (non-patented) by issuing an agreement and a statement to other shareholders who have made monetary capital contribution. After payment of capital contributions, the shareholders shall issue a capital verification certificate. Save as disclosed above, none of the Company, Zhaojin Refinery, Goldsoft Technology and Yun-shang Buluo\* has any other capital commitment regarding the investment in the formation of the JV Company.

The name of the JV Company: Tao-jin Technology Investment (Beijing) Limited\* (淘金科技投資(北京)股份有限公司) (subject to approvals from relevant administrative authorities for industry and commerce).

Scope of business of the JV Company: Computer software development, internet information system services, development and operation of e-commerce websites, 3D printing technology consultancy services and operations (subject to approvals from the relevant administrative authorities for industry and commerce).

Place of registration: Beijing, China.

## **BASIS OF CONSIDERATION**

The amount of capital to be contributed by each of the Company, Zhaojin Refinery, Goldsoft Technology and Yun-shang Buluo\* were determined after arm's length negotiation among the parties based upon the estimated capital required by the JV Company.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE INVESTMENT AGREEMENT**

In light of the support to “Internet+” era offered and policy guidance issued by the PRC government, the Company has joined hands with Zhaojin Refinery, Goldsoft Technology and Yunshang Buluo\* to invest in the formation of the JV Company, an innovative company in the internet financing sector. It will use gold as a finance medium, leverage the businesses and resources of the Company, use the internet as its trading platform and portal, and aim at generating revenue and business opportunities for the Shareholders.

The formation of the JV Company is expected to enable the Company to capture the golden opportunities in developing “Internet+” that will provide opportunities in generating revenue for the Shareholders, investors and employees of the Company, and provide great potential of business development for the Company in the “Internet+” era. Also, the this business opportunity will effectively utilize the capital of the Company and fasten the development of the Company.

The Directors (including the independent non-executive Directors) are of the view that the proposed formation of the joint venture has been entered into after arm’s length negotiation between all parties and on normal commercial terms, and therefore is fair and reasonable, and in the interests of the Company and its Shareholders as a whole.

## **APPROVAL OF THE BOARD**

As both Mr. Weng Zhanbin and Mr. Lu Dongshang are senior executives of Zhaojin Group, a controlling shareholder of Zhaojin Refinery and Goldsoft Technology, and thus they have abstained from voting at the Board meeting for approving the resolution on the proposed formation of the joint venture.

## **INFORMATION ON THE COMPANY AND THE PARTIES**

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

Zhaojin Group is principally engaged in gold exploration, mining and refinery business, as well as investing in gold exploration, mining, smelting and refining, and other gold-related industries.

Zhaojin Refinery is a 80.5% owned subsidiary of Zhaojin Group. It is a company qualified to provide standard gold and silver bullions to the Shanghai Gold Exchange, Shanghai Futures Exchange and London Bullion Market Association. It is a large-scale, professional and modernized precious metal processor company that engages in acquisition, refining, processing, testing, sale, trading and repurchase of gold and silver. Over the years, Zhaojin Refinery has been committed to expanding its presence in the precious metal industry. Utilizing the world’s advanced gold refining technology in its gold refining process, it has formed the most comprehensive domestic industrial chain for precious metal processing, which integrates production of molds and blanks, product design, processing, inspection, testing and packaging. It has become a strategic partner of Industrial and Commercial Bank of China Limited, Agricultural Bank of China Limited, China Construction Bank Corporation and Bank of China Limited in the precious metal business and their designated processing Company for their branded precious metal products. With an operating system consisting of seven provincial-level agents and more than 400 direct outlets, brand distributors and franchisees and a nation-wide sales network, it is one of the most professional gold and jewellery manufacturers and retailers in China.

Goldsoft Technology is a 67.37% owned subsidiary of Zhaojin Group. It is the first high-tech company in the domestic gold industry to list its shares on the New Third Board. Goldsoft Technology focuses on providing corporate information and overall e-commerce solutions to the mining industry and gold industry, with its scope of business covering software products and services, integration and automation and committed to the construction and operation of modernized cities. Over the years, Goldsoft Technology has undertaken more than 20 scientific research projects, including the state's key new products, the "State Torch Program", "MOST Innovation Fund", and "Special Fund for Information Industry" etc, and received numerous awards. As a high-tech company specializing in serving the development of the mining industry and the gold industry, Goldsoft Technology has become a unique pioneer in promoting the development of modernizing the mining industry and internet gold industry. Leveraging on the well-established market position and industrial chain of Zhaojin Group, building a strong foothold on the mining industry, serving both the upstream and downstream industries, Goldsoft Technology has developed three business segments, namely the enterprise information business, e-commerce business and the modernization business.

Yun-shang Buluo\* is principally engaged in developing, designing and consultancy services in respect of the development and operation of mobile media and cloud media products, the mobile internet platform, internet financing and other related businesses of the emerging industry in the PRC.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Zhaojin Group is the controlling shareholder of the Company and therefore Zhaojin Refinery and Goldsoft Technology, being non wholly-owned subsidiaries of Zhaojin Group, are connected persons of the Company. Accordingly, the transaction under the Investment Agreement constitutes a connected transaction of the Company under 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 transaction is more than 0.1% but less than 5%, the transaction is subject to the reporting and announcement requirements under Chapter 14A of the Listing Rules, but is exempt from the Independent Shareholders' approval requirements.

## **DEFINITIONS**

|                       |  |
|-----------------------|--|
| "associate"           | has the meaning ascribed to it under the Listing Rules   |
| "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 incorporated in the PRC on 16 April 2004, the H Shares of which are listed on the Main board of Hong Kong Stock Exchange |
| "connected person(s)" | has the meaning ascribed to it under the Listing Rules   |
| "Directors"           | the director(s) of the Company   |

|                            |   |
|----------------------------|---|
| “Goldsoft Technology”      | Shandong Goldsoft Technology Company Limited* (山東金軟科技股份有限公司), a limited company established in the PRC on 27 August 2001, a 67.37% owned subsidiary of Zhaojin Group as at the date of the announcement   |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited   |
| “Independent Shareholders” | has the meaning ascribed to it under the Listing Rules  |
| “Investment Agreement”     | the investment agreement dated 30 December 2015 entered into between the Company, Zhaojin Refining, Goldsoft Technology and Yun-Shang Buluo for the establishment of the JV Company   |
| “JV Company”               | Tao-jin Technology investment (Beijing) Limited (淘金科技投資(北京)股份有限公司), a joint venture company to be established under the Investment Agreement  |
| “Listing Rules”            | the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange   |
| “PRC”                      | the People’s Republic of China  |
| “RMB”                      | Renminbi, the lawful currency of the PRC  |
| “Shares”                   | ordinary shares of RMB1.00 each in the share capital of the Company, comprising of domestic shares and H shares   |
| “Shareholders”             | shareholders of the Company   |
| “Yun-shang Buluo*”         | Yun-shang Buluo Technology (Beijing) Limited* (雲上部落網絡科技(北京)有限責任公司), a limited company established in Haidian District of Beijing, China on 11 July 2013 with a registered capital of RMB1,000,000 (in which RMB990,000 is in the form of non-patented intellectual property right). It is primarily engaged in developing, designing and consultancy services of emerging industries and businesses such as development and operations of mobile media and cloud media products, mobile internet platform and internet financing. The shareholders of the company are Zhang Yuming* (張羽明) and Yan Nanhao* (晏南豪), with respective shareholdings of 90% and 10% |

|                    |  |
|--------------------|--|
| “Zhaojin Group”    | Shandong Zhaojin Company Limited* (山東招金集團有限公司), a state-owned limited company incorporated in the PRC on 28 June 1992, a promoter and the controlling shareholder of the Company                                     |
| “Zhaojin Refinery” | Shandong Zhaojin Gold and Silver Refinery Company Limited* (山東招金金銀精煉有限公司), a limited company established in the PRC on 16 October 2001, a 80.5% owned subsidiary of Zhaojin Group as at the date of the announcement |
| “%”                | percent.   |

By order of the board  
**Zhaojin Mining Industry Company Limited\***  
*Chairman*  
**Weng Zhanbin**

Zhaoyuan, the PRC, 30 December 2015

*As at the date of this announcement, the Board comprises Mr. Weng Zhanbin, Mr. Li Xiuchen, Mr. Lu Dongshang and Mr. Cong Jianmao as executive Directors; Mr. Liang Xinjun, Mr. Xu Xiaoliang and Mr. Wu Yijian as non-executive Directors; and Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Xie Jiyuan and Mr. Nie Fengjun as independent non-executive Directors.*

\* *For identification purpose only*