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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)

SECOND SUPPLEMENTAL ANNOUNCEMENT

(1) DISCLOSEABLE AND CONNECTED TRANSACTIONS REGARDING THE ACQUISITION OF TWO MINING RIGHTS, LAND USE RIGHTS IN 20 PIECES OF STATE-OWNED LAND PARCELS AND 100% EQUITY INTEREST IN ZHAOYUAN GOLD SUPPLIES CENTRE COMPANY LIMITED OWNED BY SHANDONG ZHAOJIN COMPANY LIMITED

AND

(2) WHITEWASH WAIVER APPLICATION

Reference is made to the announcement of Zhaojin Mining Industry Company Limited (the “**Company**”) dated 29 December 2015 relating to the Acquisition (the “**Acquisition Announcement**”), the announcement of the Company dated 15 January 2016 relating to the issue of a supplemental announcement (the “**Announcement**”) and the announcement of the Company dated 19 January 2016 relating to the delay in despatch of the whitewash circular (the “**Delay in Despatch Announcement**”, together with the Acquisition Announcement and the Announcement, the “**Announcements**”). Unless otherwise defined, capitalized terms used herein shall have the same meanings as defined in the Announcements.

SUPPLEMENTAL INFORMATION

In order to address the outstanding disclosure requirements under the Takeovers Code, the Company provides the following further information on the Acquisition and the Whitewash Waiver.

Correction of wrong shareholding

The shareholdings of Zhaojin Group and parties acting in concert with it (including Luyin Trading Pte Ltd and 招金有色礦業有限公司 (Zhaojin Non-Ferrous Mining Company Limited*) which are Zhaojin Group's subsidiaries “**Zhaojin Group's Concert Parties**”) in the Company as disclosed in the Acquisition Announcement were made in accordance with the relevant disclosure of interest forms filed by Zhaojin Group and Zhaojin Group's Concert Parties (as the case may be).

However, after making enquiries with Zhaojin Group, the Company has been informed that Zhaojin Group and Zhaojin Group's Concert Parties have increased their shareholding in the Company prior to the date of the Acquisition Announcement such that Zhaojin Group (together with Zhaojin Group's Concert Parties) were in aggregate interested in 1,184,936,195 Shares and not 1,181,281,195 Shares as disclosed in the Acquisition Announcement.

Whitewash Waiver

The Company has made enquiries with Zhaojin Group and Zhaojin Group has confirmed to the Company, after making the relevant enquiries with Zhaojin Group's Concert Parties, that none of Zhaojin Group or Zhaojin Group's Concert Parties:

- (i) has acquired voting rights in the Company in the six months prior to the Acquisition Announcement but subsequent to negotiations, discussions or the reaching of understandings or agreements with the Directors (which would include informal discussions) in relation to the proposed issue of Consideration Shares; or
- (ii) has acquired or disposed of any voting rights in the Company in the period between the Acquisition Announcement and the date of this announcement.

Zhaojin Group has also undertaken to the Company that Zhaojin Group and Zhaojin Group's Concert Parties will not acquire or dispose of any voting rights in the Company from the date of this announcement until the completion of the proposed issue of Consideration Shares in connection with the Acquisition.

As at the date of this announcement, Zhaojin Group (together with Zhaojin Group's Concert Parties) are in aggregate interested in 1,184,936,195 Shares, representing approximately 39.95% of the total issued share capital of the Company. Upon completion of the Transfer Agreement in accordance with the terms and conditions therein, it is expected that the shareholding of Zhaojin Group (together with Zhaojin Group's Concert Parties) will in aggregate be increased to 1,404,936,195 Shares, representing approximately 47.37% of the issued share capital of the Company as at the date of this announcement and approximately 44.10% of the issued share capital of the Company as enlarged by the allotment and issue of the Consideration Shares (assuming there is no change in the issued share capital of the Company other than the issue of Consideration Shares). Under Rule 26.1 of the Takeovers Code, Zhaojin Group would be required to make a

mandatory general offer for all the issued Shares and other relevant securities of the Company not already owned or agreed to be acquired by it and Zhaojin Group's Concert Parties unless the Whitewash Waiver is obtained from the Executive. In this regard, Zhaojin Group will apply for the Whitewash Waiver. The Whitewash Waiver, if granted, will be subject to, among other things, approval by the Shareholders other than Zhaojin Group and Zhaojin Group's Concert Parties and those Shareholders who are involved in and/or interested in the Acquisition and the Whitewash Waiver at the general meeting and the relevant Class Meetings by way of a poll.

The Executive may or may not grant the Whitewash Waiver. While the obtaining of the Whitewash Waiver is a condition precedent to the completion of the Acquisition waivable by the Company under the Transfer Agreement, pursuant to an undertaking dated 17 January 2016 given by the Company to Zhaojin Group, the Company has undertaken not to waive such condition precedent. In the event that the Whitewash Waiver is not granted or approved in the general meeting and the relevant Class Meetings, the Company will not proceed with the Acquisition.

EFFECT ON SHAREHOLDING STRUCTURE AFTER COMPLETION OF THE ACQUISITION

To the best knowledge of the Directors, the simplified shareholding structure of the Company as at the date of this announcement and the shareholding structure of the Company after completion of issue of the Consideration Shares are as follows:

	Number of Domestic Shares/ H Shares held as at the date of the Acquisition Announcement		Number of Domestic Shares/ H Shares after issue of the Consideration Shares	
	<i>Shares</i>	<i>%</i>	<i>Shares</i>	<i>%</i>
Shareholders				
Zhaojin Group and Zhaojin Group's Concert Parties				
Zhaojin Group	1,086,514,000	36.63	1,306,514,000	41.01
	Domestic Shares		Domestic Shares	
Luyin Trading Pte Ltd (<i>Note 1</i>)	47,455,000	1.60	47,455,000	1.49
	H shares		H shares	
招金有色礦業有限公司 (Zhaojin Non-Ferrous Mining Company Limited*) (<i>Note 2</i>)	50,967,195	1.72	50,967,195	1.60
	Domestic Shares		Domestic Shares	
Sub-total of shareholding interest owned by Zhaojin Group and Zhaojin Group's Concert Parties	1,184,936,195	39.95	1,404,936,195	44.10

	Number of Domestic Shares/ H Shares held as at the date of the Acquisition Announcement		Number of Domestic Shares/ H Shares after issue of the Consideration Shares	
	Shares	%	Shares	%
Other Shareholders				
上海豫園旅遊商城股份有限公司 (Shanghai Yuyuan Tourist Mart Co., Ltd*) (Note 3)	742,000,000 Domestic Shares	25.02	742,000,000 Domestic Shares	23.29
上海複星產業投資有限公司 (Shanghai Fuxing Property Investment Company Limited*)	106,000,000 Domestic Shares	3.57	106,000,000 Domestic Shares	3.33
招遠市國有資產經營有限公司 (Zhaoyuan City State-owned Assets Operation Company Limited*)	84,800,000 Domestic Shares	2.86	84,800,000 Domestic Shares	2.66
上海老廟黃金有限公司 (Shanghai Old Temple Gold Company Limited*)	21,200,000 Domestic Shares	0.71	21,200,000 Domestic Shares	0.67
Public Shareholders	826,891,000 H Shares	27.88	826,891,000 H Shares	25.96
Total	<u>2,965,827,195</u>	<u>100.00</u>	<u>3,185,827,195</u>	<u>100.00</u>

Note:

1. Luyin Trading Pte Ltd is a wholly-owned subsidiary of Zhaojin Group.
2. Zhaojin Non-Ferrous Mining Company Limited is a wholly-owned subsidiary of Zhaojin Group.
3. Zhaojin Group regards it to be independent and not acting in concert with Shanghai Yuyuan Tourist Mart Co., Ltd but acknowledged that they are presumed concert parties under Class (1) of the presumptions of “acting in concert” under the Takeovers Code unless rebutted.

IMPLICATIONS UNDER RULE 10 OF THE TAKEOVERS CODE

The information in relation to the (i) valuation on the mining rights in Luanjiahe gold mine in Zhaoyuan city, Shandong province issued by the Mine Valuer (by adopting the discounted cashflow method); (ii) valuation on the entire 100% equity interest in the Supplies Centre conducted by Shandong Zhengyuan Hexin Assets Appraisal (“**Shandong Appraisal**”) (by adopting the revenue approach); and (iii) the unaudited consolidated financial information of the Supplies Centre prepared in accordance with PRC accounting standards (being the net profit before and after taxation for the year ended 31 December 2013 and 2014 and the net assets and revenue for the year ended 31 December 2014), which were disclosed in the Acquisition Announcement, constitute a profit forecast under Rule 10 of the Takeovers Code which need to be reported on by the auditor or accountant and the financial adviser of the Company.

On 30 October 2015, Shandong Appraisal issued an audited consolidated financial report with respect to the Supplies Centre and set out below is the audited consolidated financial information of the Supplies Centre prepared in accordance with PRC accounting standards:

	For the year ended 31 December	
	2013	2014
	<i>RMB</i>	<i>RMB</i>
Net profit before taxation	2,421,077.43	2,451,565.91
Net profit after taxation	1,792,653.18	1,796,329.95

According to the audited consolidated financial information of the Supplies Centre prepared in accordance with PRC accounting standards, the net assets of the Supplies Centre for the year ended 31 December 2014 was RMB24.66 million; and the revenue for the year ended 31 December 2014 was RMB97.04 million. Such audited consolidated financial information of the Supplies Centre supersedes the unaudited consolidated financial information of the Supplies Centre disclosed in the Acquisition Announcement and accordingly, the unaudited consolidated financial information of the Supplies Centre disclosed in the Acquisition Announcement will no longer constitute a profit forecast under Rule 10 of the Takeovers Code and would not need to be reported on by the auditor and the financial adviser of the Company.

The Company is in the course of appointing a financial adviser and auditor or accountant to report on (i) the forecast of profits from the discounted cashflow method adopted for the valuation on the mining rights in Luanjiahe gold mine in Zhaoyuan city, Shandong province issued by the Mine Valuer; and (ii) the forecast of revenue from the revenue approach adopted for the valuation on the entire 100% equity interest in the Supplies Centre conducted by Shandong Appraisal, constitute profit forecasts under Rule 10 of the Takeovers Code. The Company expects to publish the reports on such profit forecasts in compliance with Rule 10 of the Takeovers Code in a circular to be despatched by the Company to the Shareholders on or before 26 February 2016 (the “**Circular**”) as disclosed in the Delay in Despatch Announcement.

Given the (i) forecast of profits from the discounted cashflow method adopted for the valuation in respect of the mining rights in Luanjiahe gold mine in Zhaoyuan city, Shandong province issued by the Mine Valuer; and (ii) forecast of revenue from the revenue approach adopted for the valuation in respect of the entire 100% equity interest in the Supplies Centre conducted by Shandong Appraisal would constitute profit forecast under Rule 10 of the Takeovers Code and such forecast was not reported on in accordance with Rule 10 of the Takeovers Code and did not meet the standard required by Rule 10 of the Takeovers Code, the Shareholders and potential investors of the Company should exercise caution in placing reliance on such profit forecast in assessing the merits and demerits of Acquisition and the Whitewash Waiver.

IMPLICATIONS UNDER RULE 11 OF THE TAKEOVERS CODE

The information relating to the (i) valuation on the mining rights in Luanjiahe gold mine in Zhaoyuan city, Shandong province issued by the Mine Valuer; (ii) valuation on the mining rights in Zhangjiazhuang gold mine in Zhaoyuan city, Shandong province issued by the Mine Valuer; (iii) valuation on the entire 100% equity interest in the Supplies Centre conducted by Shandong Appraisal; and (iv) valuation on the land use rights in the 20 pieces of state owned land parcels issued by Yantai Weizheng Land Property Evaluation Co., (“**Yantai Evaluation**”)(collectively, the “**Valuations**”) disclosed in the Acquisition Announcement were prepared by the Mine Valuer, Shandong Appraisal and Yantai Evaluation respectively under the relevant PRC valuation standards for the purposes of assessing the consideration to be paid by the Company to Zhaojin Group with respect to the Acquisition in accordance with the relevant requirements under the relevant PRC laws and regulations. Rule 11 of the Takeovers Code which is referred to in Schedule VI of the Takeovers Code provides that when valuations of assets are given in connection with assets being acquired by the Company, details or an appropriate summary thereof must be included in the offer document, offeree board circular or other documents. However, the Valuations disclosed in the Acquisition Announcement were not prepared for the purposes of and not in accordance with the requirements of Rule 11 of the Takeovers Code. Hence, no details or an appropriate summary of the Valuations were included in the Acquisition Announcement. Nonetheless, the Company is working with its advisers to prepare the final Valuations in accordance with Rule 11 of the Takeovers Code. The details or summary of the final Valuations will be published in the Circular.

Given the Valuations were not prepared for the purposes of the requirements under Rule 11 of the Takeovers Code and the details or an appropriate summary of the Valuations were not included in the Acquisition Announcement, the Shareholders and potential investors of the Company should exercise caution in placing reliance on such Valuations in assessing the merits and demerits of Acquisition and the Whitewash Waiver.

THIRD SUPPLEMENTAL ANNOUNCEMENT

Further to this announcement, the Company is also in the process of preparing a further supplemental announcement (the “**Third Supplemental Announcement**”) on the Acquisition Announcement which shall include, amongst others, additional information on the Acquisition and the Whitewash Waiver addressing further relevant requirements under the Takeovers Code. The Company expects to issue the Third Supplemental Announcement as soon as practicable when the information to be included therein is finalized prior to the publication of the Circular.

Shareholders and potential investors are reminded that the completion of the Acquisition is subject to certain conditions set out in the paragraph headed “CONDITIONS PRECEDENT” in the Acquisition Announcement and the Executive may or may not grant the Whitewash Waiver. The Acquisition may or may not proceed. Accordingly, investors and Shareholders should exercise caution when dealing in the Shares.

RESPONSIBILITY STATEMENT

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.

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

Zhaoyuan, the PRC, 21 January 2016

As at the date of this announcement, the board of directors comprises:

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 purposes only*