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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)

CONNECTED TRANSACTION IN RELATION TO THE FORMATION OF JOINT VENTURE

Reference is made to the announcement of the Company dated 31 May 2017 regarding a potential Joint Venture arrangement with respect to the Joint Venture Company.

The Board is pleased to announce that on 9 June 2017 (after trading hours), the Company, Shanghai Fosun and Hainan Mining entered into the Investment Co-operation Agreement to establish the Joint Venture with respect to the Joint Venture Company for the purpose of the Acquisition. As at the date of this announcement, the Joint Venture Company is held as to 49.90%, 37.37% and 12.73% by Hainan Mining, Shanghai Fosun and the Company, respectively.

The Joint Venture Company had on 31 May 2017 entered into the SPA in connection with the Acquisition. Pursuant to the terms of the SPA, the Joint Venture Company agreed to purchase (or through its affiliates purchase) and the Vendor agreed to sell the Sale Shares owned by the Vendor, representing 10% of the share capital excluding treasury shares of the Target Company, at US\$70.6025 per share for a maximum consideration of approximately US\$887 million in cash, on the terms and subject to the conditions set out in the SPA. Subject to Completion, the Joint Venture Company (or its affiliates) shall have an option to purchase from the Vendor, and to require the Vendor to sell, all or some of the Call Option Shares under the SPA, representing up to 5% of share capital of the Target Company. The option to purchase the Call Option Shares can be exercised not later than one year from 31 May 2017.

LISTING RULES IMPLICATIONS

Hainan Mining and Shanghai Fosun are members of the Fosun Group since they are the subsidiaries of Fosun International. Fosun International, through certain of its wholly-owned subsidiaries, holds approximately 3.29% interest in the issued share capital of the Company.

The Company deems the Fosun Group to be its connected persons under the Listing Rules given that Fosun International is regarded by Shanghai Yuyuan (a substantial shareholder of the Company which, as at the date of this announcement, holds approximately 23.04% interest in the issued share capital of the Company and to the best knowledge of the Directors, is held as to approximately 26.45% by Fosun International) to be its controlling shareholder and actual controller.

By virtue of the Company deeming the Fosun Group to be its connected persons, any transaction entered into between the Company and the Fosun Group constitutes a connected transaction of the Company under the Listing Rules.

The Company first acquired 12.73% equity interest in the Joint Venture Company on 18 April 2017 at nil consideration. Such acquisition constitutes a connected transaction of the Company that is exempt from the reporting, announcement and independent shareholders' approval requirement under the Listing Rules.

The establishing of the Joint Venture with Hainan Mining and Shanghai Fosun constitutes a connected transaction of the Company under the Listing Rules. As the highest applicable percentage ratio in respect of the establishment of the Joint Venture calculated with reference to the total capital commitment of the Company is above 0.1% but below 5%, the establishment of the Joint Venture constitutes a connected transaction of the Company that is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

As the transactions contemplated under the Investment Co-operation Agreement and the SPA are subject to the satisfaction of conditions, the transactions contemplated under the Investment Co-operation Agreement and the SPA may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

INTRODUCTION

Reference is made to the announcement of the Company dated 31 May 2017 regarding a potential Joint Venture arrangement with respect to the Joint Venture Company.

The Board is pleased to announce that on 9 June 2017 (after trading hours), the Company, Shanghai Fosun and Hainan Mining entered into the Investment Co-operation Agreement to establish the Joint Venture with respect to the Joint Venture Company for the purpose of the Acquisition. As at the date of this announcement, the Joint Venture Company is held as to 49.90%, 37.37% and 12.73% by Hainan Mining, Shanghai Fosun and the Company, respectively.

The Joint Venture Company had on 31 May 2017 entered into the SPA in connection with the Acquisition. Pursuant to the terms of the SPA, the Joint Venture Company agreed to purchase (or through its affiliates purchase) and the Vendor agreed to sell the Sale Shares owned by the Vendor, representing 10% of the share capital excluding treasury shares of the Target Company, at US\$70.6025 per share for a maximum consideration of approximately US\$887 million in cash, on the terms and subject to the conditions set out in the SPA. Subject to Completion, the Joint Venture Company (or its affiliates) shall have an option to purchase from the Vendor, and to require the Vendor to sell, all or some of the Call Option Shares under the SPA, representing up to 5% of share capital of the Target Company. The option to purchase the Call Option Shares can be exercised not later than one year from 31 May 2017.

Set out below are the details of the Investment Co-operation Agreement.

KEY TERMS OF THE INVESTMENT CO-OPERATION AGREEMENT

Date

9 June 2017

Parties

- (i) the Company;
- (ii) Shanghai Fosun; and
- (iii) Hainan Mining.

Objective

The Company, Shanghai Fosun and Hainan Mining agree to enter into the Investment Co-operation Agreement to establish the Joint Venture with respect to the Joint Venture Company for the purpose of the Acquisition.

Methods and Steps of Co-operation

The methods and steps of co-operation among the Company, Shanghai Fosun and Hainan Mining under the Investment Co-operation Agreement are as follows:

- (1) the Company, Shanghai Fosun and Hainan Mining shall inject capital into the Joint Venture Company in such proportion corresponding to their respective shareholding proportion in the Joint Venture Company at US\$62 million, US\$182 million and US\$243 million, respectively. After such Capital Contribution, the registered capital of the Joint Venture Company is proposed to be US\$487 million;
- (2) the Joint Venture Company/the Hong Kong Company shall apply for the Bank Loans, or Shanghai Fosun shall extend the Shareholders' Loan to the Joint Venture Company, the interest rate of the Shareholders' Loan shall be determined with reference to market interest rate but shall not be more than 120% above market interest rate;
- (3) the Joint Venture Company/Hong Kong Company shall complete the Acquisition in accordance with the terms of the Acquisition Documents.

In the event the Joint Venture Company/Hong Kong Company acquires the Call Option Shares in accordance with the terms of the Acquisition Documents, the Parties agree that the Company shall not participate in such acquisition of the Call Option Shares and the Company shall not participate in any capital injection into the Joint Venture Company for the purposes of acquiring the Call Option Shares.

Conditions Precedent

Unless otherwise waived in writing by Shanghai Fosun, the Capital Contribution shall be completed within 15 days from the satisfaction of the following conditions precedent:

- (i) Each Party having obtained all necessary internal approvals, consents and waivers including but not limited to permissions, authorizations, approvals and consents of any shareholders' meeting, board meeting, investment committee or government authority (such as state-owned assets supervision and administration department), regulatory authority (such as stock exchange) or other person(s); and
- (ii) all offshore investment approvals and registration procedures (including but not limited to those required by the relevant departments of the National Development and Reform Department, Ministry of Commerce and State Administration of Foreign Exchange) in respect of the Acquisition having been completed.

After the completion of the Capital Contribution, if Completion cannot take place in accordance with the terms of the Acquisition Documents, the Parties agree to de-register the Joint Venture Company or reduce the registered capital of the Joint Venture or exit from the Joint Venture Company in such manner as may be agreed among the Parties.

Post-Completion Restructuring

After the Completion, for the purpose of the Acquisition, if applicable laws and regulations and relevant approval authorities in and outside of the PRC do not impose any restrictions on the transfer of the shareholding of the Joint Venture Company, each of Shanghai Fosun and the Company shall be entitled to transfer all or part of its shareholding in the Joint Venture Company to third parties.

If Shanghai Fosun extends the Shareholders' Loan, it is proposed that the Joint Venture Company/Hong Kong Company take out the Bank Loans to repay the Shareholders' Loan and related interests. The arrangement relating to the Bank Loans shall be approved by the board of directors of the Joint Venture Company/Hong Kong Company.

Management of Joint Venture Company

The board of directors of the Joint Venture Company shall consist of five members. Each of Hainan Mining and the Company shall have the right to appoint two directors while Shanghai Fosun shall have the right to appoint one director to the board of directors of the Joint Venture Company. The board of directors of the Joint Venture Company shall be chaired by the director appointed by Hainan Mining or Shanghai Fosun. The term of office of a director of the Joint Venture Company is three years, subject to re-election.

If, in accordance with the Acquisition Documents, the Hong Kong Company is entitled to appoint two or more directors to the board of directors of the Target Company, the Company shall have the right to nominate one such director candidate. If as a result of any change in the shareholding interest of the Target Company held by the Hong Kong Company such that the Hong Kong Company is only entitled to nominate one director to the board of directors of the Target Company, the Company shall no longer be entitled to the aforesaid director nomination right.

The above corporate governance measures may be adjusted if they may hinder the approval and/or completion progress of the Acquisition.

Profits Distribution

After the Completion, any distributions that may be made by the Joint Venture Company, after deducting relevant expenses and applicable tax, shall first be applied towards the repayment of any bank loans and interest thereon in accordance with the terms of such bank loans before the balance can be distributed among the shareholders of the Joint Venture Company in proportion to their actual capital contribution in the Joint Venture Company.

In the process of completing the Post-Completion Restructuring, the above profits distribution arrangement may be adjusted, subject to compliance with applicable laws, rules and regulations and the unanimous consent of all the shareholders (including any new shareholder) of the Joint Venture Company.

TOTAL CAPITAL COMMITMENT OF THE COMPANY

The US\$62 million to be contributed by the Company towards the registered capital of the Joint Venture Company under the terms of the Investment Co-operation Agreement represents the Company's total capital commitment in connection with the establishment of the Joint Venture. Under the terms of the Investment Co-operation Agreement, the Company shall have no further obligations to provide any further funding (whether in the form of equity, loan or otherwise) or provide any indemnity or guarantee for the establishment of the Joint Venture. In particular, the Company shall have no obligations to provide any further funding in connection with the acquisition of the Call Option Shares.

As at the date of this announcement, each of the Joint Venture Company and the Hong Kong Company is not a subsidiary of the Company and will not be a subsidiary of the Company upon completion of the Capital Contribution.

REASONS FOR AND BENEFITS OF THE ESTABLISHMENT OF THE JOINT VENTURE

Given that Russia is an important country in the "One Belt One Road" policy of the PRC, the Company believes that establishing the Joint Venture with Hainan Mining and Shanghai Fosun to participate in the Acquisition will put the Company in a good position to capture any potential opportunities that may arise from the co-operation between the PRC and Russia in the gold mining industry.

Accordingly, the Directors (including the independent non-executive Directors) are of the view that the Investment Co-operation Agreement was entered into in the ordinary and usual course of business of the Company and on normal commercial terms, and the terms and conditions therein are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

As the Company deems the Fosun Group to be its connected persons, the related Directors, Mr. Liang Xinjun, Mr. Xu Xiaoliang and Mr. Gao Min have abstained from voting on the relevant Board resolutions.

LISTING RULES IMPLICATIONS

Hainan Mining and Shanghai Fosun are members of the Fosun Group since they are the subsidiaries of Fosun International. Fosun International, through certain of its wholly-owned subsidiaries, holds approximately 3.29% interest in the issued share capital of the Company.

The Company deems the Fosun Group to be its connected persons under the Listing Rules given that Fosun International is regarded by Shanghai Yuyuan (a substantial shareholder of the Company which, as at the date of this announcement, holds approximately 23.04% interest in the issued share capital of the Company and to the best knowledge of the Directors, is held as to approximately 26.45% by Fosun International) to be its controlling shareholder and actual controller.

By virtue of the Company deeming the Fosun Group to be its connected persons, any transaction entered into between the Company and the Fosun Group constitutes a connected transaction of the Company under the Listing Rules.

The Company first acquired 12.73% equity interest in the Joint Venture Company on 18 April 2017 at nil consideration. Such acquisition constitutes a connected transaction of the Company that is exempt from the reporting, announcement and independent shareholders' approval requirement under the Listing Rules.

The establishing of the Joint Venture with Hainan Mining and Shanghai Fosun constitutes a connected transaction of the Company under the Listing Rules. As the highest applicable percentage ratio in respect of the establishment of the Joint Venture calculated with reference to the total capital commitment of the Company is above 0.1% but below 5%, the establishment of the Joint Venture constitutes a connected transaction of the Company that is subject to the reporting and announcement requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION OF THE PARTIES

Group

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

Shanghai Fosun

To the best of the Directors' knowledge, Shanghai Fosun is a wholly-owned subsidiary of Fosun International and is principally engaged in investment holding.

Hainan Mining

To the best of the Directors' knowledge, Hainan Mining is a non-wholly owned subsidiary of Fosun International and is principally engaged in mining and ore processing. Hainan Mining is listed on the Shanghai Stock Exchange (SSE 601969).

Joint Venture Company

The Joint Venture Company is principally engaged in investment holding and to the best of the Directors' knowledge, is an indirect non wholly-owned subsidiary of Fosun International.

Hong Kong Company

The Hong Kong Company is a wholly-owned subsidiary of the Joint Venture Company principally engaged in investment holding and to the best of the Directors' knowledge, is an indirect non wholly-owned subsidiary of Fosun International.

Vendor

To the best of the Directors' knowledge, the Vendor and its subsidiaries are principally engaged in the extraction, refining and sale of gold.

Target Company

The Target Company is a public joint stock company incorporated and registered in Russia principally engaged in mining, processing, gold smelting and sales of gold products.

The audited net profits (both before and after taxation) attributable to the equity holders of the Target Company for the two financial years immediately preceding the Acquisition, under the international financial reporting standards, are as follows:

	For the year ended 31 December	
	2016	2015
	(audited)	(audited)
	<i>approximately</i>	<i>approximately</i>
	<i>US\$ million</i>	<i>US\$ million</i>
Net profit/(loss) before tax	1,771	1,212
Net profit/(loss) after tax	1,445	1,021

The audited total assets and net assets of the Target Company were approximately US\$5,927 million and US\$66 million, respectively, as at 31 March 2017.

WARNING

As the transactions contemplated under the Investment Co-operation Agreement and the SPA are subject to the satisfaction of conditions, the transactions contemplated thereunder may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the meanings as set out below:

“Acquisition”	the acquisition of the Sale Shares pursuant to the SPA
“Acquisition Documents”	the definitive agreements in respect of the Acquisition, including but not limited to the SPA
“Bank Loans”	onshore or offshore bank loans in the aggregate amount of approximately US\$400 million to be taken out by the Joint Venture Company/Hong Kong Company as funding for the Acquisition
“Board”	the board of Directors of the Company
“Call Option Shares”	up to 5% of the share capital of the Target Company that may be acquired by the Joint Venture Company (or its affiliates) pursuant to the exercise of call option under the SPA
“Capital Contribution”	the contribution to the registered capital of the Joint Venture Company by each of Hainan Mining, Shanghai Fosun and the Company in accordance with the terms of the Investment Co-operation Agreement
“Company”	Zhaojin Mining Industry Company Limited* (招金礦業股份有限公司), a joint stock company duly incorporated in the PRC with limited liability
“Completion”	the completion of the Acquisition contemplated under the SPA
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company for the time being
“Domestic Shares”	domestic ordinary share(s) of par value of RMB1.00 each in the registered capital of the Company
“Fosun Group”	Fosun International and its subsidiaries (including Hainan Mining and Shanghai Fosun)
“Fosun International”	Fosun International Limited (復星國際有限公司), a company incorporated under the laws of Hong Kong and whose shares are listed and traded on the main board of the Stock Exchange
“Group”	the Company and its subsidiaries

“H Shares”	the ordinary share(s) of par value of RMB1.00 each in the registered capital of the Company which are listed and traded on the Stock Exchange
“Hainan Mining”	Hainan Mining Co., Ltd. (海南礦業股份有限公司), a company incorporated under the laws of PRC and the A-shares of which are listed on the Shanghai Stock Exchange (SSE 601969) and a subsidiary of Fosun International
“Hong Kong”	the Hong Kong Special Administrative Region
“Hong Kong Company”	Golden Roots Capital Co., Limited, a limited company incorporated under the laws of Hong Kong and a wholly-owned subsidiary of the Joint Venture Company
“Investment Co-operation Agreement”	the investment co-operation agreement dated 9 June 2017 entered into among the Company, Shanghai Fosun and Hainan Mining
“Joint Venture”	the co-operation arrangement among the Company, Hainan Mining and Shanghai Fosun with respect to the Joint Venture Company for the purpose of the Acquisition, as set out under the terms of the Investment Co-operation Agreement
“Joint Venture Company”	Shanghai Pingju Investment Management Co. Ltd.* (上海平聚投資管理有限公司), a company established under the laws of the PRC with limited liability and an indirect non wholly-owned subsidiary of Fosun International as at the date of this announcement, and the joint venture company of the Sale Shares under the SPA
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Party(ies)”	all or any of the parties to the Investment Co-operation Agreement
“Post-Completion Restructuring”	the transfer of all or parts of the shareholding in the Joint Venture Company by Shanghai Fosun and the Company to third parties
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan region
“Russia”	the Russian Federation
“Sale Shares”	12,561,868 shares of the Target Company, representing 10% of the outstanding shares of the Target Company (excluding treasury shares)

“Shanghai Fosun”	Shanghai Fosun High Technology (Group) Co., Ltd. (上海復星高科技(集團)有限公司), a company incorporated under the laws of the PRC
“Shanghai Yuyuan”	Shanghai Yuyuan Tourist Mart Co., Ltd. (上海豫園旅遊商城股份有限公司), a company incorporated under the laws of PRC and a substantial shareholder of the Company
“Share(s)”	H Share(s) and Domestic Share(s)
“Shareholder(s)”	holder of the Share(s) of the Company
“Shareholders’ Loan”	the shareholders’ loan of approximately US\$400 million to may be extended by Shanghai Fosun to the Joint Venture Company/Hong Kong Company as funding for the Acquisition
“SPA”	the sale and purchase agreement dated 31 May 2017 entered into between the Joint Venture Company and the Vendor in relation to the Acquisition and the purchase of the Call Option Shares contemplated thereunder
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Public Joint Stock Company Polyus, a public joint stock company incorporated and registered in Russia, with registration number (OGRN) 1068400002990
“US\$”	United States dollar, the lawful currency of the United States of America
“Vendor”	Polyus Gold International Limited, a company incorporated and registered in Jersey
“%”	per cent.

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

Zhaoyuan, the PRC, 9 June 2017

As at the date of this announcement, the Directors are Mr. Weng Zhanbin, Mr. Li Xiuchen and Mr. Cong Jianmao as executive Directors, Mr. Liang Xinjun, Mr. Li Shousheng, Mr. Xu Xiaoliang and Mr. Gao Min as non-executive Directors; and Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Wei Junhao and Mr. Shen Shifu as independent non-executive Directors.

* For identification purpose only