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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**

GOLD CONCENTRATES PURCHASE FRAMEWORK AGREEMENTS

The Board is pleased to announce that on 12 July 2023,

- i. The Company entered into the Gold Concentrates Purchase Framework Agreement i with Shanxi Zijin, pursuant to which the Group will purchase gold concentrates from Shanxi Zijin and its subsidiaries for a term of three years from 1 January 2023 to 31 December 2025; and
- ii. The Company entered into the Gold Concentrates Purchase Framework Agreement ii with Zhaojin Non-Ferrous, pursuant to which the Group will purchase gold concentrates from Zhaojin Non-Ferrous and its subsidiaries for a term of three years from 1 January 2023 to 31 December 2025.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Zijin Mining held 654,078,741 H Shares, representing approximately 20% of the total issued Shares, through its wholly-owned subsidiary Gold Mountains (H.K.) International. Accordingly, Zijin Mining is a substantial Shareholder of the Company. Shanxi Zijin is a wholly-owned subsidiary of Zijin Mining. In addition, Shandong Zhaojin is a controlling Shareholder of the Company and Zhaojin Non-Ferrous is a wholly-owned subsidiary of Shandong Zhaojin. Accordingly, Shanxi Zijin and Zhaojin Non-Ferrous are connected persons of the Company under Chapter 14A of the Listing Rules and Transaction i and Transaction ii contemplated under the Gold Concentrates Purchase Framework Agreements constitute continuing connected transactions of the Company.

As the highest applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) of each of Transaction i and Transaction ii are more than 0.1% but less than 5%, each of Transaction i and Transaction ii contemplated under the Gold Concentrates Purchase Framework Agreements shall be subject to the reporting, annual review and announcement requirements but are exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 12 July 2023,

- i. The Company entered into the Gold Concentrates Purchase Framework Agreement i with Shanxi Zijin, pursuant to which the Group will purchase gold concentrates from Shanxi Zijin and its subsidiaries for a term of three years from 1 January 2023 to 31 December 2025; and
- ii. The Company entered into the Gold Concentrates Purchase Framework Agreement ii with Zhaojin Non-Ferrous, pursuant to which the Group will purchase gold concentrates from Zhaojin Non-Ferrous and its subsidiaries for a term of three years from 1 January 2023 to 31 December 2025.

GOLD CONCENTRATES PURCHASE FRAMEWORK AGREEMENTS

The principal terms of the Gold Concentrates Purchase Framework Agreement i and the Gold Concentrates Purchase Framework Agreement ii are the same except for the parties to the agreements.

Date

12 July 2023

Parties of the Gold Concentrates Purchase Framework Agreement i

- (i) Purchaser: the Company (for itself and on behalf of the Group); and
- (ii) Vendor: Shanxi Zijin (for itself and on behalf of its subsidiaries)

Parties of the Gold Concentrates Purchase Framework Agreement ii

- (i) Purchaser: the Company (for itself and on behalf of the Group); and
- (ii) Vendor: Zhaojin Non-Ferrous (for itself and on behalf of its subsidiaries)

Term

From 1 January 2023 to 31 December 2025 (no transaction was made under the Gold Concentrates Purchase Framework Agreements from 1 January 2023 to the date of entering into the Gold Concentrates Purchase Framework Agreements)

Subject to the compliance with applicable laws and regulations including the Listing Rules as well as the articles of association of each of the parties, the Gold Concentrates Purchase Framework Agreements may be extended or renewed by the parties.

Products to be purchased under the Gold Concentrates Purchase Framework Agreements

Gold concentrates

Pricing policy and specific executive agreements

The Group agreed to purchase, and Shanxi Zijin and Zhaojin Non-Ferrous (and their subsidiaries) agreed to sell, gold concentrates at market prices of gold concentrates at the time of specific transactions to be made under the Gold Concentrates Purchase Framework Agreements and determined on a fair basis. The parties will also fully consider other factors including the quality, grade, recovery rate, capital security and delivery time of the products, and reflect such factors in the specific executive agreements. Such specific executive agreements will also comply with the terms and conditions of the Gold Concentrates Purchase Framework Agreements.

Other major terms

Pursuant to the Gold Concentrates Purchase Framework Agreements, the entering into of the Gold Concentrates Purchase Framework Agreements does not preclude the parties from selecting and dealing with other trading parties for purchase of gold concentrates independently.

HISTORICAL FIGURES

The Group did not purchase gold concentrates from Shanxi Zijin and Zhaojin Non-Ferrous (and their subsidiaries) in previous years and prior to entering into the Gold Concentrates Purchase Framework Agreements.

ANNUAL CAPS

Annual caps for Transaction i

The Group expects the annual caps for the purchase of gold concentrates from Shanxi Zijin (and its subsidiaries) under the Gold Concentrates Purchase Framework Agreement i for the years ending 31 December 2023, 31 December 2024 and 31 December 2025 shall not exceed RMB390 million, RMB390 million and RMB390 million, respectively.

Annual caps for Transaction ii

The Group expects the annual caps for the purchase of gold concentrates from Zhaojin Non-Ferrous (and its subsidiaries) under the Gold Concentrates Purchase Framework Agreement ii for the years ending 31 December 2023, 31 December 2024 and 31 December 2025 shall not exceed RMB30 million, RMB90 million and RMB100 million, respectively.

In determining the annual caps for Transaction i and Transaction ii, the factors considered by the Group include (i) the gold concentrates production capacity of Shanxi Zijin and Zhaojin Non-Ferrous (and their subsidiaries) in the future; (ii) the historical transaction amounts and volumes of gold concentrates purchased by the Group from independent third party suppliers; (iii) the market prices of gold concentrates in previous years and their trend of future movements; and (iv) the Group's future business plans and processing capacity of gold concentrates.

REASONS FOR AND BENEFITS OF ENTERING INTO THE GOLD CONCENTRATES PURCHASE FRAMEWORK AGREEMENTS

Shanxi Zijin is a company specializing in the production and operation of gold mines. Shanxi Zijin has a proven track record and is able to continuously and steadily produce gold concentrates that are tested and proven to be suitable for the Group's smelting and processing technology.

Zhaojin Non-Ferrous is a company engaged in the production and operation of non-ferrous metals and is also able to continuously and steadily produce gold concentrates that are tested and proven to be suitable for the Group's smelting and processing technology.

Upon becoming the suppliers of gold concentrates for the Group, Shanxi Zijin and Zhaojin Non-Ferrous will continuously and steadily supply high-quality gold concentrates to the Group as raw materials. Therefore, the entering into of the Gold Concentrates Purchase Framework Agreements will help to further enhance the Group's competitiveness in the raw materials market, meet the Group's processing capacity for smelting and processing and increase the Group's production volume of gold.

Based on the above and after taking into account the terms of the transactions under the Gold Concentrates Purchase Framework Agreements, the Directors (including the independent non-executive Directors) consider that the entering into of the Gold Concentrates Purchase Framework Agreements is in the interests of the Company and the Shareholders as a whole, and the terms thereof are fair and reasonable, and are entered into on normal commercial terms in the ordinary and usual course of business of the Company.

INTERNAL CONTROL MEASURES

The Company has established various internal control measures in order to ensure that the transactions contemplated under the Gold Concentrates Purchase Framework Agreements are in accordance with the pricing policies and the terms of the Gold Concentrates Purchase Framework Agreements, and are on normal commercial terms which are no less favourable than those offered by independent third party suppliers. Such internal control measures mainly include the following:

- (i) the management of the Company will regularly review the terms of the Gold Concentrates Purchase Framework Agreements and conduct spot checks on the execution of specific executive agreements and relevant transactions under the Gold Concentrates Purchase Framework Agreements to ensure that (a) the execution of such executive agreements and transactions are in compliance with the provisions of the Gold Concentrates Purchase Framework Agreements; and (b) the terms of the Gold Concentrates Purchase Framework Agreements are fair and reasonable and in the interest of the Company and its Shareholders as a whole;
- (ii) the business department of the Company will consolidate, on a monthly basis, the transaction accounts under the agreement incurred for the preceding month, and the accounts will be reported to the management of the Company and the Board. The business department of the Company will inform the management of the Company and the Board on a timely basis in the event the annual cap for the agreement is likely to be exceeded;
- (iii) the external auditors of the Company will report by issuing a letter to the Board every year on the continuing connected transactions of the Company (including the Gold Concentrates Purchase Framework Agreements) conducted throughout the preceding financial year pursuant to the Listing Rules in relation to the pricing policies and annual caps therein; and

- (iv) the independent non-executive Directors of the Company will conduct an annual review with respect to the continuing connected transactions of the Company (including the Gold Concentrates Purchase Framework Agreements) throughout the preceding financial year pursuant to the requirements under the Listing Rules, and confirm on the transaction amounts and terms of such continuing connected transactions in the annual report of the Company and make sure that these transactions are entered into on normal commercial terms, which are fair and reasonable, and are in compliance with the terms of the relevant agreements governing the continuing connected transactions.

By implementing the above procedures and measures, the Directors consider that the Company has established an adequate internal control system to ensure the relevant continuing connected transactions under the Gold Concentrates Purchase Framework Agreements are conducted in accordance with the terms of such agreements, on normal commercial terms (or terms no less favourable to the Company than terms offered by independent third parties) and in accordance with the pricing policies of the Company, which are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

INFORMATION OF THE PARTIES

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

Shanxi Zijin is principally engaged in mining, smelting and processing of gold, non-ferrous metals and non-metallic minerals and sale of mining products in the PRC and is a wholly-owned subsidiary of Zijin Mining. Zijin Mining is principally engaged in exploration and development of copper, gold, zinc, lithium and other metallic mineral resources globally, research, design and application of mining engineering. Zijin Mining holds 654,078,741 H Shares, representing approximately 20% of the total issued Shares through its wholly-owned subsidiary, Gold Mountains (H.K.) International, and is a substantial Shareholder of the Company.

Zhaojin Non-Ferrous is principally engaged in production and operation of non-ferrous metals in the PRC and is a wholly-owned subsidiary of Shandong Zhaojin. Shandong Zhaojin is a promoter and controlling Shareholder of the Company, which 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. Zhaojin Non-Ferrous also directly holds 1.56% equity interest in the Company.

BOARD'S APPROVAL

The Gold Concentrates Purchase Framework Agreement i was approved by the Board on 7 July 2023 and none of the Directors has any material interest in the transactions contemplated thereunder. As Mr. Long Yi and Mr. Chen Lunan are the management members of Zijin Mining, they have abstained from voting at the Board's meeting to approve the Gold Concentrates Purchase Framework Agreement i.

The Gold Concentrates Purchase Framework Agreement ii was approved by the Board on 7 July 2023 and none of the Directors has any material interest in the transactions contemplated thereunder. As Mr. Li Guanghui and Mr. Luan Wenjing are the management members of Shandong Zhaojin, they have abstained from voting at the Board's meeting to approve the Gold Concentrates Purchase Framework Agreement ii.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Zijin Mining held 654,078,741 H Shares, representing approximately 20% of the total issued Shares, through its wholly-owned subsidiary Gold Mountains (H.K.) International. Accordingly, Zijin Mining is a substantial Shareholder of the Company. Shanxi Zijin is a wholly-owned subsidiary of Zijin Mining. In addition, Shandong Zhaojin is a controlling Shareholder of the Company and Zhaojin Non-Ferrous is a wholly-owned subsidiary of Shandong Zhaojin. Accordingly, Shanxi Zijin and Zhaojin Non-Ferrous are connected persons of the Company under Chapter 14A of the Listing Rules and Transaction i and Transaction ii contemplated under the Gold Concentrates Purchase Framework Agreements constitute continuing connected transactions of the Company.

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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(s)”	has the meaning ascribed to it under the Listing Rules
“Directors”	directors of the Company
“Domestic Share(s)”	the ordinary share(s) of the Company with a nominal value of RMB1 each which are subscribed for and fully paid up in RMB
“Gold Concentrates Purchase Framework Agreements”	collectively, the Gold Concentrates Purchase Framework Agreement i and the Gold Concentrates Purchase Framework Agreement ii
“Gold Concentrates Purchase Framework Agreement i”	the gold concentrates purchase framework agreement entered into between the Company and Shanxi Zijin on 12 July 2023 in relation to the Group's purchase of gold concentrates from Shanxi Zijin and its subsidiaries
“Gold Concentrates Purchase Framework Agreement ii”	the gold concentrates purchase framework agreement entered into between the Company and Zhaojin Non-Ferrous on 12 July 2023 in relation to the Group's purchase of gold concentrates from Zhaojin Non-Ferrous and its subsidiaries

“Gold Mountains (H.K.) International”	Gold Mountains (H.K.) International Mining Company Limited* (金山(香港)國際礦業有限公司), a company established overseas with limited liability, which is a substantial Shareholder of the Company and a wholly-owned subsidiary of Zijin Mining as at the date of this announcement
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) 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”	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 controlling Shareholder of the Company
“Shanxi Zijin”	Shanxi Zijin Mining Co., Ltd.* (山西紫金礦業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Zijin Mining as at the date of this announcement
“Share(s)”	share(s) of RMB1 each in the capital of the Company, comprising of 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
“Transaction i”	the transactions under the Gold Concentrates Purchase Framework Agreement i
“Transaction ii”	the transactions under the Gold Concentrates Purchase Framework Agreement ii

“Zhaojin Non-Ferrous”	Zhaojin Non-Ferrous Mining Company Limited* (招金有色礦業有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of Shandong Zhaojin as at the date of this announcement
“Zijin Mining”	Zijin Mining Group Co., Ltd.* (紫金礦業集團股份有限公司), a joint stock limited company incorporated in the PRC and a substantial Shareholder of the Company
“%”	per cent

By order of the Board
Zhaojin Mining Industry Company Limited*
Jiang Guipeng
Chairman

Zhaoyuan, the PRC, 12 July 2023

As at the date of this announcement, the Board comprises: executive Directors: Mr. Jiang Guipeng, Mr. Duan Lei, Mr. Wang Ligang and Mr. Chen Lunan; non-executive Directors: Mr. Long Yi, Mr. Li Guanghui and Mr. Luan Wenjing; and independent non-executive Directors: Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Wei Junhao and Mr. Shen Shifu.

* For identification purpose only