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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)**

## **SUPPLEMENTAL ANNOUNCEMENT CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of Zhaojin Mining Industry Company Limited\* (the “**Company**”) dated 12 July 2023 (the “**Announcement**”) on the continuing connected transactions in relation to the Gold Concentrates Purchase Framework Agreements. Unless otherwise defined, capitalised terms used in this announcement (the “**Supplemental Announcement**”) shall have the same meanings as those defined in the Announcement.

The Company wishes to inform the Shareholders and potential investors the following additional information relating to the Gold Concentrates Purchase Framework Agreements and the Transaction i and Transaction ii contemplated thereunder.

### **PRICING POLICIES**

As disclosed in the Announcement, the pricing of gold concentrates purchased under the Gold Concentrates Purchase Framework Agreements shall be made with reference to the 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; and 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. The Company wishes to supplement that, when determining the price of gold concentrates, the following factors and measures shall be taken into account and implemented by the Group:

- (i) The price of gold concentrates shall be determined according to a pricing methodology (the “**Gold Price Based Pricing Methodology**”) based on the monthly arithmetic weighted average settlement price of AU99.95 gold in the Shanghai Gold Exchange (上海黃金交易所) as a benchmark price and multiplied by a relevant price coefficient (“**Price Coefficient**”). The Price Coefficient will be affected by various factors including the quality, grade and recovery rate of the relevant gold concentrates. The Gold Price Based Pricing Methodology shall be applied not only to the Group’s purchases of gold concentrates from Shanxi Zijin and Zhaojin Non-Ferrous (and their subsidiaries) under the Gold Concentrates Purchase Framework Agreements, but also to the Group’s purchases of gold concentrates from other independent third party suppliers. Such pricing methodology is also commonly used in the mining industry.
- (ii) In addition to the Gold Price Based Pricing Methodology, the price of gold concentrates under purchases made by the Group pursuant to the Gold Concentrates Purchase Framework Agreements (the “**Connected Purchases**”) should not be less favourable to the Group than that under purchases of comparable gold concentrates (the “**Comparable Purchases**”) made by the Group from independent third party suppliers within one month preceding to the Connected Purchases. The Group has always been able to identify Comparable Purchases as gold concentrates constitute one of the Group’s major materials.

## **INTERNAL CONTROL MEASURES**

As disclosed in the Announcement, the Company has established various internal control measures 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. The Company wishes to supplement that, to be consistent with the pricing policies described above, the following internal measures have been implemented by the Company:

- (i) Prior to the entering into a specific executive agreement under the Gold Concentrates Purchase Framework Agreements, the business department of the Company will review the specific executive agreement and make sure that the Gold Price Based Pricing Methodology has been adopted in determining the price of gold concentrates, and the Price Coefficient has been correctly stipulated in the specific executive agreement.
- (ii) The business department of the Company will continuously identify and record the prices of gold concentrates under Comparable Purchases, and compare them with the prices of gold concentrates under Connected Purchases.
- (iii) The management of the Company will regularly review and conduct spot checks on the execution of the specific executive agreements, in particular, on (a) whether the Gold Price Based Pricing Methodology has been duly adopted; (b) whether the Price Coefficient has been correctly stipulated; and (c) whether the staff of the Company’s business department has compared the prices of gold concentrates under Connected Purchases with that under Comparable Purchases.

After taking into consideration of the pricing policies and internal control measures disclosed in the Announcement and this Supplemental Announcement, the Directors are of the view that the Transaction i and Transaction ii contemplated under the Gold Concentrates Purchase Framework Agreements will be, and there are sufficient methods and procedures to ensure these transactions will be, conducted on normal commercial terms and not prejudicial to the interests of the Company and the Shareholders.

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

Zhaoyuan, the PRC, 19 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*