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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**

**FINISHED GOLD SALES FRAMEWORK AGREEMENT**

On 13 December 2024, the Company entered into the Finished Gold Sales Framework Agreement with Zhaojin Jinye, pursuant to which the Group has agreed to sell Finished Gold to Zhaojin Jinye for a term from 13 December 2024 to 31 December 2026.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Zhaojin Jinye is a wholly-owned subsidiary of Zhaojin Refinery, which is owned as to 80.5% by Shandong Zhaojin. Accordingly, Zhaojin Jinye is a connected person of the Company under Rule 14A.07 of the Listing Rules. The transactions contemplated under the Finished Gold Sales Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) of the Finished Gold Sales Framework Agreement is more than 0.1% but less than 5%, the transactions contemplated under the Finished Gold Sales Framework Agreement 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 13 December 2024, the Company entered into the Finished Gold Sales Framework Agreement with Zhaojin Jinye, pursuant to which the Group has agreed to sell Finished Gold to Zhaojin Jinye for a term of three years from 13 December 2024 to 31 December 2026.

## **FINISHED GOLD SALES FRAMEWORK AGREEMENT**

### **Date of agreement**

13 December 2024

### **Parties**

- (i) Vendor: the Company (for itself and on behalf of the Group); and
- (ii) Purchaser: Zhaojin Jinye

### **Term**

From 13 December 2024 to 31 December 2026.

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 Finished Gold Sales Framework Agreement may be extended or renewed by the parties.

### **Products to be sold under the Finished Gold Sales Framework Agreement**

Finished Gold (with a grade of not less than 90%).

### **Principal terms**

Pursuant to the Finished Gold Sales Framework Agreement, the Group has agreed to sell, and the Purchaser has agreed to purchase, Finished Gold. The Group and the Purchaser shall determine the details of the quantity and price of Finished Gold to be sold by the Group to the Purchaser depending on the market conditions and the demand of the Purchaser, and set out such details in the specific executive agreements.

### **Specific executive agreement**

During the term of the Finished Gold Sales Framework Agreement, the Group and the Purchaser will, from time to time and as necessary, enter into specific executive agreement in respect of each transaction contemplated under the Finished Gold Sales Framework Agreement. Such specific executive agreement shall be subject to the terms and conditions of the Finished Gold Sales Framework Agreement.

### **Pricing policy**

The pricing of Finished Gold shall be determined with reference to the market prices of gold at the time of the specific transactions to be made under the Finished Gold Sales Framework Agreement and on a fair basis.

Furthermore, the following factors shall be taken into account and the following measures shall be implemented when determining the price and terms of the sale of Finished Gold:

- (i) the price of Finished Gold shall be determined based on real-time quotes of gold prices on the London Stock Exchange on the pricing date (on Saturdays, Sundays or other holidays, the price will be postponed to the next business day). The above pricing method is not only applicable to the sale of Finished Gold by the Group to Zhaojin Jinye according to the Finished Gold Sales Framework Agreement, but also to the sale of finished gold by the Group to other independent traders. In addition, such pricing methods are also commonly used in the mining industry for trading finished gold; and
- (ii) the terms of which the Group sells Finished Gold shall be no less favourable to the Group than the terms of which the Group sells comparable finished gold (the “**Comparable Sales**”) to independent third parties. As the Group also sells Finished Gold in the ordinary course of business, the Group has been able to identify Comparable Sales.

### **Payment arrangement**

The payment method shall be separately agreed in the specific executive agreement.

### **Other principal terms**

Pursuant to the Finished Gold Sales Framework Agreement, the signing of such agreement does not preclude the parties from selecting counterparties and conducting transactions with them independently.

### **HISTORICAL TRANSACTION AMOUNT**

The Group did not sell Finished Gold to Zhaojin Jinye prior to the entering into of the Finished Gold Sales Framework Agreement.

## **ANNUAL CAPS**

The Group expects that the annual caps for the sales of Finished Gold to the Purchaser under the Finished Gold Sales Framework Agreement for the period from the date of the Finished Gold Sales Framework Agreement to 31 December 2024, as well as the years ending 31 December 2025 and 31 December 2026 will not exceed RMB40 million, RMB150 million and RMB250 million, respectively.

When determining the annual caps mentioned above, factors considered include:

- (i) the historical transaction scale of selling finished gold to other qualified traders by the Group's overseas mines;
- (ii) based on the above transaction scale and the production plan of the Group's overseas mines, the Group expects that the transaction scale of selling finished gold to qualified traders (including Zhaojin Jinye) is expected to increase in the future; and
- (iii) the historical trend of international gold price and its future trend.

## **REASONS FOR AND BENEFITS OF ENTERING INTO THE FINISHED GOLD SALES FRAMEWORK AGREEMENT**

- (i) The sales channel of finished gold produced by overseas mines, especially those with small production scales, are limited by regional development conditions and production scale of finished gold. Currently, the available sales channels are relatively single, most of the said finished gold is sold through decentralized traders. The Group considers that the transactions to be contemplated under the Finished Gold Sales Framework Agreement are crucial to concentrate the sales channel of the finished gold produced by the Group's overseas mines and will further enhance economic benefits available to the Group;
- (ii) The sale of Finished Gold by the Group to Zhaojin Jinye will be beneficial for the Group's overseas mines to open up sales channels for overseas traders, saving time in developing sales channels and preparing for bank qualification investigations, enabling the Group to focus on production and operation and to achieve good economic benefits. In addition, by entering the Finished Gold Sales Framework Agreement, the Group's overseas mining enterprises could avoid significant costs in developing bank sales channels and smelter sales channels, which reduces sales costs as a result; and
- (iii) Zhaojin Jinye is a qualified and registered precious metal trading company in Hong Kong. In the future, the settlement of finished gold from the Group's overseas mines will be beneficial for ensuring the timely and safe return of funds to the Group. In addition, the parties to the Finished Gold Sales Framework Agreement are controlled by Shandong Zhaojin, which is conducive to prevent and avoid various risks such as credit risk and market risk in overseas gold sales, to fully safeguard the interests of the Group.

Based on the above and after taking into account the terms of the transactions under the Finished Gold Sales Framework Agreement, the Directors (including the independent non-executive Directors) consider that the entering into of the Finished Gold Sales Framework Agreement 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 Finished Gold Sales Framework Agreement are conducted in accordance with the pricing policies and terms of the Finished Gold Sales Framework Agreement, and are on normal commercial terms which are no less favourable than those offered to independent third parties. Such internal control measures mainly include the following:

- (i) Before entering into specific executive agreements pursuant to the Finished Gold Sales Framework Agreement, the business department of the Company will review the specific executive agreements and ensure that the pricing methodology has been properly adopted in determining the price of Finished Gold. If the terms and conditions are subject to revision due to actual changes in circumstances, the appropriate approval process shall be re-performed.
- (ii) The business department of the Company will continuously monitor the pricing terms, collection arrangements and actual transaction amounts of each of the specific executive agreement in relation to the Finished Gold Sales Framework Agreement, and will continuously identify and record the terms of finished gold under the Comparable Sales, and compare them with the terms of Finished Gold under the transactions contemplated under the Finished Gold Sales Framework Agreement. The audit and compliance departments of the Company will check the execution of the relevant management systems of the Company in the internal control evaluation on a semi-annual basis, and conduct spot checks on the above information to ensure that the transactions under the Finished Gold Sales Framework Agreement are in compliance with the relevant management systems of the Company.
- (iii) The management of the Company will regularly review the terms of the Finished Gold Sales Framework Agreement and conduct spot checks on the execution of specific executive agreements and relevant transactions under the Finished Gold Sales Framework Agreement, in particular, on whether (a) the pricing methodology has been properly adopted; (b) the staff of the business department of the Company have compared the terms of Finished Gold with the terms of finished gold under the Comparable Sales, to ensure that the execution of such specific executive agreements and transactions are in compliance with the provisions of the Finished Gold Sales Framework Agreement, and the terms of the Finished Gold Sales Framework Agreement are fair and reasonable and in the interest of the Company and its Shareholders as a whole.
- (iv) The business department of the Company will consolidate, on a monthly basis, the transaction accounts under the Finished Gold Sales Framework 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 Finished Gold Sales Framework Agreement is likely to be exceeded.
- (v) 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 Finished Gold Sales Framework Agreement) conducted throughout the preceding financial year pursuant to the Listing Rules in relation to the pricing policies and annual caps therein.

- (vi) 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 Finished Gold Sales Framework Agreement) 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 agreement 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 Finished Gold Sales Framework Agreement are conducted in accordance with the terms of such agreement and the pricing policies of the Company and on normal commercial terms (or terms no less favourable than those available to or offered to independent third parties), 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.

Zhaojin Jinye is a limited liability company incorporated in Hong Kong in June 2016, which is a wholly-owned subsidiary of Zhaojin Refinery (owned as to 80.5% by Shandong Zhaojin) and is mainly engaged in international trade of precious metals.

### **BOARD'S APPROVAL**

The Finished Gold Sales Framework Agreement has been approved by the Board on 13 December 2024 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 Finished Gold Sales Framework Agreement.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Zhaojin Jinye is a wholly-owned subsidiary of Zhaojin Refinery, which is owned as to 80.5% by Shandong Zhaojin. Accordingly, Zhaojin Jinye is a connected person of the Company under Rule 14A.07 of the Listing Rules. The transactions contemplated under the Finished Gold Sales Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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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 Shares(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
“Finished Gold”	the finished gold to be sold by the Group to the Purchaser pursuant to the Finished Gold Sales Framework Agreement
“Finished Gold Sales Framework Agreement”	the finished gold sales framework agreement dated 13 December 2024 entered into between the Company and Zhaojin Jinye in relation to the sale of Finished Gold by the Group to the Purchaser
“Group”	the Company and its subsidiaries
“H Shares”	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 the controlling Shareholder of the Company
“Share(s)”	share(s) of RMB1 each in the share capital of the Company, comprising of the Domestic Shares and H shares
“Shareholder(s)”	holder(s) of Share(s)

“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zhaojin Jinye” or “Purchaser”	Zhaojin Gold (Hong Kong) Limited, a limited liability company incorporated in Hong Kong in June 2016 and a wholly-owned subsidiary of Zhaojin Refinery as of the date of this announcement
“Zhaojin Refinery”	Shandong Zhaojin Gold and Silver Refinery Company Limited* (山東招金金銀精煉有限公司), a limited liability company established in the PRC on 16 October 2001 and owned as to 80.5% by Shandong Zhaojin as at the date of this announcement
“%”	per cent.

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

Zhaoyuan, the PRC, 13 December 2024

*As at the date of this announcement, the Board comprises: executive Directors: Mr. Jiang Guipeng, Mr. Duan Lei, Mr. Wang Ligang and Mr. Wang Peiwu; 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