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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)**

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION  
ASSIGNMENT OF LISTED SECURITIES**

**SHARE TRANSFER AGREEMENT**

The Board is pleased to announce that, on 25 October 2024 (after trading hours), SIC entered into the Share Transfer Agreement with Finance Company, pursuant to which the Finance Company has agreed to transfer the Target Shares to SIC at the Consideration of HK\$180,712,560.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shandong Zhaojin is the controlling Shareholder of the Company and is therefore a connected person of the Company. Finance Company is a non-wholly-owned subsidiary of the Company and is directly held as to 51% by the Company, as to 40% by Shandong Zhaojin, and as to 9% by Zhaoyuan Gold Smelting, a wholly-owned subsidiary of Shandong Zhaojin. Accordingly, Finance Company is a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules, and the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Transaction exceeds 5% but are all less than 25%, the Transaction constitutes discloseable transaction and connected transaction of the Company subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

**DESPATCH OF CIRCULAR**

A circular containing, among other matters, (i) further information on the Share Transfer Agreement and the Transaction; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 31 October 2024.

## **INTRODUCTION**

The Board is pleased to announce that, on 25 October 2024 (after trading hours), SIC entered into the Share Transfer Agreement with Finance Company, pursuant to which the Finance Company has agreed to transfer the Target Shares to SIC at the Consideration of HK\$180,712,560.

## **SHARE TRANSFER AGREEMENT**

The principal terms of the Share Transfer Agreement agreed by the Parties are summarised as below:

### **Date**

25 October 2024 (after trading hours)

### **Parties**

- (i) SIC (as the transferee); and
- (ii) Finance Company (as the transferor).

### **Subject matter**

SIC has conditionally agreed to purchase, and Finance Company has conditionally agreed to sell, the Target Shares. The Target Shares represent 68,712,000 H shares of Weihai Bank, representing approximately 1.15% of the total issued share capital of Weihai Bank. The Finance Company obtained the Target Shares at an original cost of approximately HK\$221.9 million.

### **Consideration and basis of determining the Consideration**

Pursuant to the Share Transfer Agreement, the Consideration amounted to HK\$180,712,560 in total, representing HK\$2.63 per Target Share (the “**Target Price**”), being the average closing price of the Target Shares quoted on the Stock Exchange for the 60 consecutive trading dates prior to 23 September 2024 (the “**Benchmark Date**”).

The Consideration and the Target Price were determined after arm’s length negotiation by the Parties after taking into account of the recent market price, the historical price trend and the trading liquidity of the Target Shares. The Company took into account of the average closing prices of the Target Shares quoted on the Stock Exchange for the 10, 30, 60, 120 and 180 consecutive trading dates prior to the Benchmark Date. The Company noticed that the Target Price (i.e. the average closing price of the Target Shares quoted on the Stock Exchange for the 60 consecutive trading dates prior to the Benchmark Date) is the lowest among the abovementioned average closing prices, which represents a discount of 2.23%, 1.13%, 1.52% and 3.04% as compared to the average closing prices of the Target Shares quoted on the Stock Exchange for the 10, 30, 120 and 180 consecutive trading dates prior to the Benchmark Date. The Company considers that the Target Price and the above discounts are fair and reasonable after taking into account of the limited trading liquidity of the Target Shares.

## **Payment of Consideration**

The Consideration shall be paid by SIC to the bank account designated by Finance Company in one lump sum within three business days upon the completion of the Registration (as defined below). The Company currently expects to finance the Consideration of the Transaction by way of utilising the Group's internal resources.

## **Conditions Precedent**

Pursuant to the Share Transfer Agreement, Completion is subject to the following Conditions Precedent being fulfilled:

- (i) the Share Transfer Agreement having been duly executed and become effective; and
- (ii) the approval of the Transaction by the Independent Shareholders.

The Conditions Precedent may not be waived.

## **Completion**

Subject to the compliance with the requirements under all applicable laws and regulations, Completion will take place on the date that the Conditions Precedent being fulfilled. Upon Completion, SIC shall register the Target Shares under its own name (the “**Registration**”); and the Target Shares will be recorded as investments in other equity instruments held by SIC.

## **INFORMATION ABOUT THE PARTIES**

### **Information about SIC and the Company**

SIC is a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of the Company. SIC is principally engaged in investment holding.

The Company is joint stock company incorporated in the PRC with limited liability, whose H Shares are listed on the main board of the Stock Exchange (stock code: 1818). The Company is principally engaged in gold exploration, mining, ore processing and smelting, as well as processing and sale of by-products in the PRC.

### **Information about Finance Company**

Finance Company is a non-wholly-owned subsidiary of the Company. It is directly owned as to 51% by the Company, as to 40% by Shandong Zhaojin and as to 9% by Zhaoyuan Gold Smelting, a wholly-owned subsidiary of Shandong Zhaojin. Finance Company is a limited liability company established in the PRC on 1 July 2015 and is operating in accordance with the Administrative Measures as well as other applicable PRC laws and regulations. It is principally engaged in, among others, providing financial services to the Group and Shandong Zhaojin and its subsidiaries. The Finance Company is a PRC non-bank financial institution and is regulated by the CBIRC.

## INFORMATION ABOUT WEIHAI BANK

Weihai Bank is a city commercial bank based in Shandong Province. The H shares of Weihai Bank are listed on the Stock Exchange (stock code: 9677). The following is a summary of the audited consolidated financial information of Weihai Bank for the three years ended 31 December 2023 and the unaudited financial information of Weihai Bank for the six months ended 30 June 2024:

	For the year ended 31 December			For the six months ended
	2021	2022	2023	30 June 2024
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)	(audited)	(unaudited)
Operating income	7,377.4	8,290.9	8,735.4	4,556.0
Profit before tax	2,214.9	2,222.0	2,291.8	1,415.9
Net profit	1,891.7	2,078.5	2,116.3	1,188.2

  

	As at 31 December			As a June 30
	2021	2022	2023	2024
	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>	<i>RMB million</i>
	(audited)	(audited)	(audited)	(unaudited)
Total assets	304,520.8	343,703.0	391,876.8	422,864.1
Total liabilities	280,350.6	317,970.4	363,868.9	393,541.6
Total equity	24,170.2	25,732.6	28,007.9	29,322.5

## REASONS FOR AND BENEFITS OF THE TRANSACTION

Pursuant to the Notice of the General Office of the State Financial Supervision Administration on Further Implementing the Administrative Measures on Finance Companies within Group Enterprises (Jin Ban Fa [2023] No. 34)\* (《國家金融監督管理總局辦公廳關於進一步做好<企業集團財務公司管理辦法>實施工作的通知》(金辦發[2023]34號)) issued by the General Office of the State Financial Supervision Administration\* (國家金融監督管理總局辦公廳), enterprise group financial companies (including Finance Company) shall dispose securities investments with non-fixed income by 31 December 2024. Accordingly, the Finance Company is required to dispose all of its equity interest in Weihai Bank (i.e., the Target Shares) within the above time frame (the “**Required Disposal**”). The Parties noticed the limited trading liquidity of the H shares of Weihai Bank and considered the Transaction as the most efficient method to complete the Required Disposal.

The Company and SIC also noticed the operating status, financial position and historical dividend distribution records of Weihai Bank. Weihai Bank is a city commercial bank based in Shandong Province with prominent regional advantages and comprehensive network layout. From the accounting perspective, the Target Shares will be recorded as the Group’s equity investments at fair value through other comprehensive income prior to and after the completion of the Transaction. The Transaction represents an inter-group transaction with no impact on the consolidated profit or loss or consolidated financial statements of the Company. In addition, the Consideration represents a discount to the market price of the H shares of Weihai Bank quoted on the Stock Exchange, which, in the view of the Board, is in the interest of the Company and the Shareholders as a whole.

Based on the above, the Directors (including the independent non-executive Directors) consider that the Transaction was negotiated on normal commercial terms, and the terms and conditions of the Transaction are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Shandong Zhaojin is the controlling Shareholder of the Company and is therefore a connected person of the Company. Finance Company is a non-wholly-owned subsidiary of the Company and is directly held as to 51% by the Company, as to 40% by Shandong Zhaojin, and as to 9% by Zhaoyuan Gold Smelting, a wholly-owned subsidiary of Shandong Zhaojin. Accordingly, Finance Company is a connected subsidiary of the Company pursuant to Rule 14A.16 of the Listing Rules, and the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Transaction exceeds 5% but are all less than 25%, the Transaction constitutes discloseable transaction and connected transaction of the Company subject to the reporting, announcement, circular and Independent Shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

### **APPROVAL FROM THE BOARD**

The Board has approved the Share Transfer Agreement and the Transaction to be contemplated thereunder. None of the Directors has any material interests in the Share Transfer Agreement and the Transaction to be contemplated thereunder. Mr. Li Guanghui and Mr. Luan Wenjing, being the management personnel of Shandong Zhaojin, had abstained from voting at the Board meeting for approving the Share Transfer Agreement and the Transaction to be contemplated thereunder.

### **INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER**

The Independent Board Committee has been formed to advise the Independent Shareholders in connection with the terms of Share Transfer Agreement and the Transaction.

Maxa Capital Limited (邁時資本有限公司) has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in connection with the Share Transfer Agreement and the Transaction.

### **DESPATCH OF CIRCULAR**

A circular containing, among other matters, (i) further information on the Share Transfer Agreement and the Transaction; (ii) a letter of recommendation from the Independent Board Committee; (iii) a letter of advice from the Independent Financial Adviser; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 31 October 2024.

## DEFINITIONS

In this announcement, unless the context otherwise required, the following terms have the following meanings:

“Administrative Measures”	the Administrative Measures on Finance Companies within Group Enterprises* (《企業集團財務公司管理辦法》) issued by CBIRC
“Board”	the board of Directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“Company”	Zhaojin Mining Industry Company Limited* (招金礦業股份有限公司), a joint stock limited company incorporated in the PRC on 16 April 2004 and the H Shares of which are listed on the main board of the Stock Exchange (stock code: 1818)
“Completion”	the completion of the Transaction, as set forth under the section headed “Share Transfer Agreement – Completion” in this announcement
“Conditions Precedent”	the conditions precedent to Completion, as set forth under the section headed “Share Transfer Agreement – Conditions Precedent” in this announcement
“connected subsidiary”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration of the Transaction, as set forth under the section headed “Share Transfer Agreement – Consideration and basis of determining the Consideration” in this announcement
“Director(s)”	the director(s) of the Company
“Domestic Share(s)”	the ordinary share(s) issued by the Company, with a RMB-denominated par value of RMB1.00 each, which are subscribed for and fully paid up in RMB
“Domestic Shareholder(s)”	holder(s) of Domestic Shares
“EGM”	the 2024 third extraordinary general meeting of the Company to be held at the Company’s conference room at No. 118 Wenquan Road, Zhaoyuan City, Shandong Province, the PRC at 9:00 a.m. on Monday, 18 November 2024
“Finance Company”	Shandong Zhaojin Finance Company Limited* (山東招金集團財務有限公司), a connected subsidiary of the Company, details of which are set forth in the section headed “Information about the Parties” in this announcement

“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“H Share(s)”	the overseas-listed foreign invested share(s) in the share capital of the Company, with an RMB-denominated par value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the main board of the Stock Exchange
“H Shareholder(s)”	holder(s) of H Shares
“Independent Board Committee”	an independent committee of the Board, comprising all independent non-executive Directors, established for the purpose of advising the Independent Shareholders on the terms of the Share Transfer Agreement and the Transaction
“Independent Financial Adviser”	Maxa Capital Limited (邁時資本有限公司), a corporation licensed under the Securities and Futures Ordinance to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities, being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Share Transfer Agreement and the Transaction
“Independent Shareholders”	Shareholders other than (i) Shandong Zhaojin and its associates; and (ii) those with a material interest in the Transaction, if any
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Parties”	the parties to the Transaction, collectively, SIC and the Finance Company
“PRC”	the People’s Republic of China, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan province for the purpose of this announcement
“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 limited liability company established in the PRC, being the controlling Shareholder of the Company
“Shareholder(s)”	holder(s) of the Share(s), comprising the Domestic Shareholder(s) and H Shareholder(s)
“Share(s)”	the ordinary share(s) of RMB1.00 each in the share capital of the Company, comprising Domestic Share(s) and H Share(s)

“Share Transfer Agreement”	the share transfer agreement dated 25 October 2024 entered into by the Parties in relation to the Transaction
“SIC”	Sparky International Company Limited (斯派柯國際有限公司), a company incorporated in Hong Kong with limited liability, being a wholly-owned subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Target Share(s)”	68,712,000 H shares of Weihai Bank, representing approximately 1.15% of the total issued share capital of Weihai Bank as of the date of this announcement
“Transaction”	the transfer of Target Shares from Finance Company to SIC
“Weihai Bank”	Weihai City Commercial Bank Co., Ltd.* (威海市商業銀行股份有限公司), a joint stock limited company incorporated in the PRC in July 1997 and the H shares of which are listed on the main board of the Stock Exchange (stock code: 9677)
“Zhaoyuan Gold Smelting”	Shandong Zhaojin Group Zhaoyuan Gold Smelting Co., Ltd.* (山東招金集團招遠黃金冶煉有限公司), a company established in accordance with the laws of the PRC with limited liability and a wholly-owned subsidiary of Shandong Zhaojin
“%”	per cent.

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

Zhaoyuan, the PRC, 25 October 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*

*Independent non-executive Directors: Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Wei Junhao and Mr. Shen Shifu*

\* For identification purpose only