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中国多金属矿业
CHINA POLYMETALLIC MINING

China Polymetallic Mining Limited

中國多金屬礦業有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2133)

**PROPOSED RIGHTS ISSUE ON THE BASIS OF
ONE (1) RIGHTS SHARE FOR EVERY TWO (2)
EXISTING SHARES HELD ON THE RECORD DATE
AT THE SUBSCRIPTION PRICE
OF HK\$0.12 PER RIGHTS SHARE**

FINANCIAL ADVISER TO THE COMPANY



UNDERWRITER TO THE RIGHTS ISSUE



PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$143.2 million (before deducting professional fees and other relevant expenses) by way of the Rights Issue, whereby 1,193,259,000 Rights Shares shall be allotted and issued on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date.

The Subscription Price of HK\$0.12 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of Rights Shares and/or application for the excess Rights Shares.

Assuming no new Shares are issued and/or repurchased by the Company on or before the Record Date, a total number of 1,193,259,000 Rights Shares will be allotted and issued representing:

- (i) 50% of the Company's issued share capital as at the date of this announcement; and
- (ii) approximately 33.33% of the Company's existing issued share capital as enlarged by the issue of the Rights Shares.

The aggregate nominal value of the Rights Shares, of nominal value of HK\$0.00001 each, will be HK\$11,932.59.

The Rights Issue (other than the Undertaken Shares) is fully underwritten by the Underwriter and the terms of the Underwriting Agreement were agreed after arm's length negotiation between the Company and the Underwriter.

The net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, are estimated to be approximately HK\$140.3 million. The Company intends to use the net proceeds from the Rights Issue as to (a) approximately HK\$135.2 million, representing approximately 96% of the net proceeds, for repayment of the outstanding balance under banking facilities with the aggregate principal sums of RMB469 million granted by Ping An Bank Co., Ltd. ("**Ping An Bank**") to the subsidiaries of the Company, of which part of the principal in the sum of RMB20 million is payable in December 2017 with the balance payable in July 2018, which is subject to renewal with the approval from Ping An Bank and hence to improve the Group's net gearing ratio and cash position; and (b) approximately HK\$5.1 million, representing approximately 4% of the net proceeds, for general working capital of the Group including but not limited to covering the administrative and operating expenses of the Hong Kong office.

IRREVOCABLE UNDERTAKING

Pursuant to the Irrevocable Undertaking, CDI has irrevocably and unconditionally undertaken to the Company and the Underwriter, inter alia, that (i) it will subscribe for an aggregate of 296,387,710 Rights Shares which will be provisionally allotted to it pursuant to the Rights Issue, by lodging the duly completed and signed PAL in respect of all such Rights Shares with payment in full therefor with the Company's branch share registrar in Hong Kong before the Latest Time for Acceptance in accordance with the instructions printed on the Prospectus Documents; and (ii) it will remain as the beneficial owner of the 592,775,421 Shares as at the close of business on the Record Date free from all encumbrances.

LISTING RULES IMPLICATIONS

As the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% (on its own or when aggregated with any other rights issues or open offers announced or commenced within the 12-month period immediately preceding the date of this announcement), the Rights Issue is not subject to Shareholders' approval under Rule 7.19(6) of the Listing Rules.

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus (without the PAL and the EAF) to the Non-Qualifying Shareholders for their information only subject to compliance with the relevant local laws, regulations and requirements.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. Please refer to the paragraph headed "Conditions of the Underwriting Agreement" under the section headed "The Underwriting Agreement" in this announcement for further details. It should also be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate its obligations on the occurrence of certain events including force majeure. Please refer to the paragraph headed "Termination of the Underwriting Agreement" under the section headed "The Underwriting Agreement" in this announcement for further details. Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Wednesday, 30 August 2017. Dealings in the Rights Shares in nil-paid form are expected to take place from 9:00 a.m. on Tuesday, 12 September 2017 to 4:00 p.m. on Tuesday, 19 September 2017 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the nil-paid Rights Shares is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any Shareholder or other person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

PROPOSED RIGHTS ISSUE

The Company proposes to raise approximately HK\$143.2 million (before deducting professional fees and other relevant expenses) by way of the Rights Issue, whereby 1,193,259,000 Rights Shares shall be allotted and issued on the basis of one (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date.

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.12 per Rights Share
Number of Shares in issue as at the date of this announcement	:	2,386,518,000 Shares
Number of Rights Shares	:	1,193,259,000 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date)
Number of Undertaken Shares	:	CDI has irrevocably and unconditionally, undertaken to, the Company and the Underwriter to, inter alia, subscribe for an aggregate of 296,387,710 Rights Shares to be allotted to it under its provisional entitlement pursuant to the Rights Issue
Number of Underwritten Shares	:	896,871,290 Rights Shares, representing all the Rights Shares less the number of Rights Shares undertaken by CDI under the Irrevocable Undertaking. Accordingly, taking into account the Irrevocable Undertaking, the Rights Issue is fully underwritten by the Underwriter.
Number of Shares in issue immediately after completion of the Rights Issue	:	3,579,777,000 Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date)

As at the date of this announcement, the Company has no outstanding derivatives, options, warrants or securities in issue which confer any right to subscribe for, convert or exchange into Shares.

Basis of provisional allotment

The basis of the provisional allotment shall be one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date. Application for all or any part of a Qualifying Shareholder's provisional allotment should be made only by completing the PAL, and lodging the same with a remittance for the Rights Shares being accepted by the Latest Time for Acceptance. For further details in respect of the procedures for acceptance and application, please refer to the Prospectus Documents to be despatched by the Company to the Qualifying Shareholders on the Prospectus Posting Date.

Other than the Rights Shares to be taken up by CDI pursuant to the Irrevocable Undertaking, the Board has not received any information from any other Shareholders of their intention to take up their provisional entitlements under the Rights Issue as at the date of this announcement.

The Rights Shares

Assuming there is no change to the issued share capital of the Company from the date of this announcement and up to the Record Date, a total number of 1,193,259,000 Rights Shares will be allotted and issued upon completion of the Rights Issue, representing:

- (i) 50% of the Company's issued share capital as at the date of this announcement; and
- (ii) approximately 33.33% of the Company's existing issued share capital as enlarged by the issue of the Rights Shares.

The Subscription Price

The Subscription Price of HK\$0.12 per Rights Share is payable in full by a Qualifying Shareholder upon acceptance of the relevant provisional allotment of Rights Shares or application for the excess Rights Shares.

The Subscription Price of HK\$0.12 per Rights Share represents:

- (i) a discount of approximately 50.8% to the closing price of HK\$0.244 per Share as quoted on the Stock Exchange on the date of the Underwriting Agreement and on the Last Trading Day;

- (ii) a discount of approximately 52.0% to the average of the closing prices of approximately HK\$0.250 per Share as quoted on the Stock Exchange for the last five consecutive trading days up to and including the Last Trading Day; and
- (iii) a discount of approximately 40.8% to the theoretical ex-entitlement price of approximately HK\$0.203 per Share based on the closing price of HK\$0.244 per Share as quoted on the Stock Exchange on the Last Trading Day.

The Subscription Price was a commercial decision and was determined after arm's length negotiations between the Company and the Underwriter with reference to the prevailing market price of the Shares prior to the Last Trading Day and the theoretical ex-entitlement price. In view of the current market price of Shares and financial performance of the Group and in order to enhance the attractiveness of the Rights Issue, the issuance of the new Shares by way of Rights Issue was made at a discount to the market price (which is in line with the common practice of listed issuers in Hong Kong). The Directors consider that setting the Subscription Price at a discount to the market price of the Shares could encourage existing Shareholders to take up their entitlements so as to participate in the potential growth of the Company in the future.

Having considered that (i) it is common for listed companies in Hong Kong to set the subscription price of rights issues at a discount to the market price; and (ii) the level of discount of the Subscription Price to the market price falls within the range of comparable historical transactions of other listed issuers, the Directors consider that the Subscription Price is fair and reasonable and in the best interests of the Company and the Shareholders.

Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. The Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus (without the PAL and the EAF) to the Non-Qualifying Shareholders for their information only subject to compliance with the relevant local laws, regulations and requirements.

To qualify for the Rights Issue, Shareholders must at the close of business on the Record Date be registered as members of the Company and must not be a Non-Qualifying Shareholder.

In order to be registered as members of the Company prior to the close of business on the Record Date, Shareholders must lodge any transfers of Shares (together with the relevant share certificates) for registration with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before the Latest Lodging Time. The last day for dealing in the Shares on a cum-rights basis is expected to be Tuesday, 29 August 2017.

Shareholders with an address in Hong Kong on the register of members of the Company at the close of business on the Record Date are qualified for the Rights Issue. For Shareholders with an address outside Hong Kong on the register of members of the Company at the close of business on the Record Date, please refer to the paragraph below headed “Rights of the Overseas Shareholders”.

Closure of register of members

The register of members of the Company will be closed from Friday, 1 September 2017 to Thursday, 7 September 2017, both days inclusive, to determine the eligibility of the Shareholders for the Rights Issue. No transfer of Shares will be registered during this book closure period. The Record Date for the Rights Issue is Thursday, 7 September 2017.

Rights of the Overseas Shareholders

If there are Overseas Shareholders at the close of business on the Record Date, the Directors will comply with Rule 13.36(2)(a) of the Listing Rules and make enquiries regarding the feasibility of extending the Rights Issue to the Overseas Shareholders. If, after making such enquiries, the Directors are of the opinion that it would be necessary or expedient, on account either of the legal restrictions under the laws of the relevant place or any requirement of the relevant regulatory body or stock exchange in that place, not to offer the Rights Shares to such Overseas Shareholders, the Rights Issue will not be available to such Overseas Shareholders and no provisional allotment of the nil-paid Rights Shares will be made to them.

The result of the enquiries and the basis of the exclusion, if any, will be included in the Prospectus.

If any Overseas Shareholders are excluded from the Rights Issue, the Company will send a copy of the Prospectus (without the PAL and the EAF) to such Overseas Shareholders for their information only subject to compliance with the relevant local laws, regulations and requirements.

Fractions of the Rights Shares

Fractional Rights Shares will be disregarded and not be issued to the Qualifying Shareholders. Any fractional entitlements of the Rights Shares will be aggregated and will be made available for excess application by the Qualifying Shareholders under the EAFs. Fractional Rights Shares will only arise in respect of the entire shareholding of a Shareholder regardless of the number of share certificates held by such Shareholder.

Status of the Rights Shares

The Rights Shares, when allotted, issued and fully-paid, shall rank *pari passu* in all respects with the Shares in issue on the date of allotment and issue of the Rights Shares, including the right to receive all dividends and distributions which may be declared, made or paid on or after such date.

Excess application for the Rights Shares

Under the Rights Issue, Qualifying Shareholders may apply, by way of excess application, for (i) any unsold entitlements of the Non-Qualifying Shareholders; (ii) any unsold Rights Shares created by aggregation of fractional assured entitlements; and (iii) any Rights Shares provisionally allotted but not accepted by the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares. Application can be made by the Qualifying Shareholders only and by completing the EAF where applicable for excess Rights Shares and lodging the same with a separate remittance for the excess Rights Shares being applied for.

The Directors will allocate the excess Rights Shares at their discretion on a fair and equitable basis according to the principle that any excess Rights Shares will be allocated to the Qualifying Shareholders who apply for them on a pro rata basis with reference to the number of excess Rights Shares applied for, but no reference will be made to the number of Rights Shares applied for under the PAL or the existing number of Shares held by such Qualifying Shareholders. No preference will be given to topping up odd lots to whole board lots.

Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) should note that the Board will regard such nominee company (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, Shareholders should note that the aforesaid arrangement in relation to the allocation of the excess Rights Shares will not be extended to beneficial owners individually save and except for the beneficial owner(s) which the Company may permit in its absolute discretion. Shareholders with their Shares held by a nominee company (or which are deposited in CCASS) are advised to consider whether they would like to arrange for the registration of the relevant Shares in their own names on or prior to the Record Date.

Shareholders whose Shares are held by their nominee(s) (or which are deposited in CCASS) and who would like to have their names registered on the register of members of the Company on the Record Date, must lodge all necessary documents with the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for completion of the relevant registration by the Latest Lodging Time.

Qualifying Shareholders who do not take up the Rights Shares to which they are entitled and Non-Qualifying Shareholders should note that their shareholdings in the Company will be diluted.

Share certificates and refund cheques

Subject to the fulfillment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted to those entitled thereto by ordinary post at their own risk on or before Tuesday, 3 October 2017. Refund cheques in respect of wholly or partially unsuccessful applications for excess Rights Shares, or if the Rights Issue is terminated, refund cheques in respect of the applications for Rights Shares are expected to be posted to the applicants on or before Tuesday, 3 October 2017 by ordinary post at the respective Shareholders' own risk.

Application for listing of the Rights Shares

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms on the Stock Exchange. Dealings in the Rights Shares in both their nil-paid and fully-paid forms registered in the branch register of members of the Company in Hong Kong will be subject to the payment of stamp duty, Stock Exchange trading fee, transaction levy and any other applicable fees and charges in Hong Kong.

No part of the share capital of the Company is listed or dealt in or for which listing or permission to deal is being or is proposed to be sought on any other stock exchange, save for the Stock Exchange.

Subject to the granting of the approval for the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange, the Rights Shares in both their nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement date of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders should seek advice from their stockbrokers or other professional advisers for details of those settlement arrangements and how such arrangements will affect their rights and interests.

THE IRREVOCABLE UNDERTAKING TO SUBSCRIBE FOR THE RIGHTS SHARES

On 18 August 2017 (after trading hours), CDI executed the Irrevocable Undertaking, pursuant to which CDI has irrevocably and unconditionally undertaken to, the Company and the Underwriter, inter alia, that:

- (i) it will subscribe for an aggregate of 296,387,710 Rights Shares which will be provisionally allotted to it pursuant to the Rights Issue, by lodging the duly completed and signed PAL in respect of all such Rights Shares with payment in full therefor with the Company's branch share registrar in Hong Kong before the Latest Time for Acceptance in accordance with the instructions printed on the Prospectus Documents; and
- (ii) it will remain as the beneficial owner of the 592,775,421 Shares as at the close of business on the Record Date free from all encumbrances.

As at the date of this announcement, CDI is beneficially interested in 592,775,421 Shares, representing approximately 24.84% of the existing issued share capital of the Company.

THE UNDERWRITING AGREEMENT

Date: 18 August 2017

Underwriter: Astrum Capital Management Limited

Number of Underwritten Shares: 896,871,290 Rights Shares, representing all the Rights Shares less the number of Rights Shares undertaken by CDI under the Irrevocable Undertaking

Underwriting commission: 1.5%

The Underwriter

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, the Underwriter and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

The Company approached five licensed corporations for their interest in acting as the underwriter to the Rights Issue. However, in view of (i) the loss of approximately RMB126.9 million and RMB18.1 million recorded by the Group for the year ended 31 December 2016 and for six months ended 30 June 2017; (ii) the consecutive loss makings recorded by the Group for the past two years; and (iii) the relatively thin trading volume of the Shares, the licensed corporations requested a commission rate from 1.5% to 5% of the aggregate subscription price of the maximum amount of the Underwritten Shares.

Further, the Board was mindful of the confidential nature of the proposed fund raising exercise. It is also expected that even if the Group can locate other potential underwriters who are willing to underwrite the Rights Shares on a fully-underwritten basis, they would offer similar terms as the abovementioned underwriter.

The Board considers that the terms of the Underwriting Agreement and the amount of commission payable by the Company are fair and reasonable as compared to the market practice and commercially reasonable as agreed between the Underwriter and the Company.

The Rights Issue (other than the Undertaken Shares) is fully underwritten by the Underwriter. Upon completion of the Rights Issue in accordance with the terms of the Underwriting Agreement, the public float requirement under the Listing Rules will be complied with.

Conditions of the Underwriting Agreement

The Underwriting Agreement is conditional upon the following conditions being fulfilled:

- (i) the delivery to the Stock Exchange for authorisation and the registration with the Registrar of Companies in Hong Kong respectively one copy of each of the Prospectus Documents duly signed by two Directors (or by their agents duly authorised in writing) as having been approved by the resolution of the Directors (and all other documents required to be attached thereto) and otherwise in compliance with the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) no later than the Prospectus Posting Date;

- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders by the Prospectus Posting Date;
- (iii) the listing committee of the Stock Exchange granting or agreeing to grant (subject to allotment) the listing of and permission to deal in the Rights Shares (in their nil-paid and fully paid forms) no later than the first day of their dealings and the Stock Exchange not having withdrawn or revoked such listing and permission on or before the Latest Time for Termination;
- (iv) the obligations of the Underwriter becoming unconditional and that the Underwriting Agreement is not terminated in accordance with its terms;
- (v) the compliance with and performance of all undertakings and obligations of the Company under the Underwriting Agreement; and
- (vi) the delivery of the duly executed Irrevocable Undertaking to the Company and the Underwriter on or before the date of the Underwriting Agreement and the compliance with and performance of all undertakings and obligations of CDI under the Irrevocable Undertaking.

None of the conditions of the Rights Issue as set out above can be waived.

If any of the conditions of the Rights Issue is not satisfied by the Latest Time for Termination or such other date as the Company and the Underwriter may agree in writing, the Underwriting Agreement shall terminate (save in respect of any provisions in relation to, among others, fees and expenses, confidentiality, indemnity, notices, governing laws and other miscellaneous matters and any rights or obligations which may accrue under the Underwriting Agreement prior to such termination) and none of the parties shall, have any claim against the other party for costs, damages, compensation or otherwise save for any antecedent breaches. Accordingly, the Rights Issue will not proceed.

Termination of the Underwriting Agreement

The Underwriter shall have the right to terminate the arrangements set out in the Underwriting Agreement by notice in writing given to the Company if at any time at or prior to the Latest Time for Termination:

- (1) in the absolute opinion of the Underwriter, the success of the Rights Issue would be materially and adversely affected by:
 - (i) the introduction of any new law or regulation or any change in existing law or regulation (or the judicial interpretation thereof) or other occurrence of any nature whatsoever which may in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or is materially adverse in the context of the Rights Issue; or
 - (ii) the occurrence of any local, national or international event or change (whether or not forming part of a series of events or changes occurring or continuing before, and/or after the date hereof) of a political, military, financial, economic or other nature (whether or not ejusdem generis with any of the foregoing), or in the nature of any local, national or international outbreak or escalation of hostilities or armed conflict, or affecting local securities markets which may, in the absolute opinion of the Underwriter materially and adversely affect the business or the financial or trading position or prospects of the Group as a whole or materially and adversely prejudice the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (2) any adverse change in market conditions (including without limitation, any change in fiscal or monetary policy, or foreign exchange or currency markets, suspension or material restriction or trading in securities) occurs which in the absolute opinion of the Underwriter is likely to materially or adversely affect the success of the Rights Issue or otherwise makes it inexpedient or inadvisable to proceed with the Rights Issue; or
- (3) there is any change in the circumstances of the Company or any member of the Group which in the absolute opinion of the Underwriter will adversely affect the prospects of the Company, including without limiting the generality of the foregoing the presentation of a petition or the passing of a resolution for the liquidation or winding up or similar event occurring in respect of any of member of the Group or the destruction of any material asset of the Group; or

- (4) any event of force majeure including, without limiting the generality thereof, any act of God, war, riot, public disorder, civil commotion, fire, flood, explosion, epidemic, terrorism, strike or lock-out; or
- (5) any other material adverse change in relation to the business or the financial or trading position or prospects of the Group as a whole whether or not ejusdem generis with any of the foregoing; or
- (6) any matter which, had it arisen or been discovered immediately before the date of the Prospectus and not having been disclosed in the Prospectus, would have constituted, in the absolute opinion of any of the Underwriter, a material omission in the context of the Rights Issue; or
- (7) any suspension in the trading of securities generally or the Company's securities on the Stock Exchange for a period of more than ten consecutive Business Days, excluding any suspension in connection with the clearance of this announcement or the Prospectus Documents or other announcements or circular in connection with the Rights Issue.

The Underwriter shall be entitled by notice in writing to the Company, served prior to the Latest Time for Termination, to terminate the Underwriting Agreement. In any event, the Underwriter reserves the right to, at its sole discretion, terminate the Underwriting Agreement prior to the Latest Time for Termination.

The Underwriter shall be entitled by notice in writing to rescind the Underwriting Agreement if prior to the Latest Time for Termination:

- (1) any material breach of any of the warranties or undertakings contained in the Underwriting Agreement comes to the knowledge of the Underwriter; or
- (2) any event occurs or matter arises on or after the date of the Underwriting Agreement and prior to the Latest Time for Termination which if it had occurred or arisen before the date of the Underwriting Agreement would have rendered any of the representations, warranties and undertakings contained in the Underwriting Agreement untrue or incorrect in any material respect.

Any such notice shall be served by the Underwriter prior to the Latest Time for Termination.

Upon the giving of notice in accordance with the above, the Underwriting Agreement shall terminate and the obligations of the parties thereto shall forthwith cease and be null and void and none of the parties shall, save in respect of any right or liability accrued before such termination and save for certain provisions relating to the indemnity, termination and the governing laws of the Underwriting Agreement, have any right against or liability towards the other party arising out of or in connection with the Underwriting Agreement.

If the Underwriter terminates the Underwriting Agreement in accordance with the terms thereof, the Rights Issue will not proceed.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue set out below is indicative only and it has been prepared on the assumption that all the conditions as set out under the paragraph headed “Conditions of the Underwriting Agreement” in this announcement will be fulfilled.

2017

(Hong Kong time)

Last day of dealings in Shares on cum-rights basis	Tuesday, 29 August
First day of dealings in Shares on ex-rights basis.....	Wednesday, 30 August
Latest time for lodging transfers of shares in order to qualify for the Rights Issue	4:30 p.m. on Thursday, 31 August
Register of members of the Company closes (both days inclusive).	Friday, 1 September to Thursday, 7 September
Record Date for determining entitlements to the Rights Issue	Thursday, 7 September
Register of members of the Company re-opens	Friday, 8 September
Prospectus Posting Date	Friday, 8 September
First day of dealings in nil-paid Rights Shares.....	9:00 a.m. on Tuesday, 12 September
Latest time for splitting of nil-paid Rights Shares.....	4:30 p.m. on Thursday, 14 September
Last day and time of dealings in nil-paid Rights Shares.....	4:00 p.m. on Tuesday, 19 September

Latest Time for Acceptance as well as application for excess Rights Shares and payment for the Rights Shares	4:00 p.m. on Friday, 22 September
Latest Time for Termination of the Underwriting Agreement by the Underwriter and the Rights Issue becomes unconditional.....	4:00 p.m. on Monday, 25 September
Announcement of the results of the Rights Issue	Friday, 29 September
Despatch of refund cheques, if any, in respect of wholly or partially unsuccessful applications for excess Rights Shares	Tuesday, 3 October
Despatch of certificates for fully-paid Rights Shares	Tuesday, 3 October
Commencement of dealings in fully-paid Rights Shares	9:00 a.m. on Wednesday, 4 October
Designated broker starts to stand in the market to provide matching services for sale and purchase of odd lots of the Shares	Wednesday, 4 October
Designated broker ceases to stand in the market to provide matching services for sale and purchase of odd lots of the Shares	Wednesday, 25 October

Reasons for the Rights Issue and use of proceeds

The Group is principally engaged in mining, ore processing and the sale of lead-silver concentrates and zinc-silver concentrates.

The Directors consider that the Rights Issue, which is on a fully underwritten basis, will allow the Group to strengthen its capital structure without incurring debt financing cost, improve the financial position and provide additional financial resources for capturing suitable business expansion and investment opportunities when arise. Meanwhile, the Rights Issue will give the Qualifying Shareholders the opportunity to maintain their respective pro rata shareholding interests in the Company and to continue to participate in the future development of the Group. The Qualifying Shareholders are also able to further increase their interests in the Company through excess applications.

The gross proceeds from the Rights Issue will be approximately HK\$143.2 million. The net proceeds from the Rights Issue, after deducting professional fees and all other relevant expenses, are estimated to be approximately HK\$140.3 million. The net Subscription Price per Rights Share is expected to be approximately HK\$0.118. The net proceeds from the Rights Issue are intended to be used in the following manner:

- (a) approximately HK\$135.2 million, representing approximately 96% of the net proceeds, for repayment of the outstanding balance under banking facilities with the aggregate principal sums of RMB469 million granted by Ping An Bank Co., Ltd. (“**Ping An Bank**”) to the subsidiaries of the Company, of which part of the principal in the sum of RMB20 million is payable in December 2017 with the balance payable in July 2018, which is subject to renewal with the approval from Ping An Bank and hence to further improve the Group’s net gearing ratio and cash position; and
- (b) approximately HK\$5.1 million, representing approximately 4% of the net proceeds, for general working capital of the Group including but not limited to covering the administrative and operating expenses of the Hong Kong office.

Apart from the Rights Issue, the Directors have considered other debt/equity fund raising alternatives such as bank borrowings, placing or an open offer. The Directors noted that bank borrowings, if available, carry interest costs and creditors rank before shareholders, and placings dilute the interests of Shareholders without giving them the opportunity to take part in the exercise. As opposed to an open offer, the Rights Issue also enables the Qualifying Shareholders to trade the nil-paid rights in the market. Having considered the fund raising alternatives as mentioned above, the Directors (save for Mr. Lee Kenneth Jue, the non executive Director who abstained from voting) consider raising funds by way of the Rights Issue is more attractive and feasible in the current market condition, and thus, in the interests of the Company and the Shareholders as a whole.

EFFECTS ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

For illustration purpose only, set out below is the shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately after completion of the Rights Issue assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date:

	As at the date of this announcement		Immediately after completion of the Rights Issue			
			Assuming all Rights Shares are taken up by Qualifying Shareholders		Assuming no Rights Shares are taken up by Qualifying Shareholders, save for those subscribed for by CDI which has irrevocably undertaken to subscribe for its entitlement of Rights Shares	
	<i>Approximate</i> No. of Shares	<i>Approximate</i> %	<i>Approximate</i> No. of Shares	<i>Approximate</i> %	<i>Approximate</i> No. of Shares	<i>Approximate</i> %
CDI (Note 1)	592,775,421	24.84	889,163,131	24.84	889,163,131	24.84
Shi Xiaozhou	302,460,664	12.67	453,690,996	12.67	302,460,664	8.45
Underwriter or subscribers procured by it	—	—	—	—	896,871,290	25.05
Public Shareholders (Note 2)	1,491,281,915	62.49	2,236,922,873	62.49	1,491,281,915	41.66
Total	2,386,518,000	100.00	3,579,777,000	100.00	3,579,777,000	100.00

Note:

1. CDI is a substantial shareholder of the Company. It has given the Irrevocable Undertaking in favour of the Company to take up all the Rights Shares to which it is entitled under the Rights Issue.
2. For illustrative purpose, immediately after completion of the Rights Issue and assuming no Qualifying Shareholders (other than CDI) take up any of the Rights Shares and there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date, the shareholding of existing public shareholders will be decreased from 62.49% to approximately 41.66%, which represents a dilutive effect of approximately 33.33%.

FUND RAISING ACTIVITIES OF THE COMPANY IN THE PAST TWELVE MONTHS

Save as disclosed below, the Company did not carry out any other funding raising activities during the past twelve months immediately preceding the date of this announcement:

Date of announcement	Description	Net proceeds	Intended use of proceeds	Actual use of proceeds
17 May 2017	Placing of new shares under general mandate	Approximately HK\$80.20 million	(i) as to HK\$44,110,000, approximately 55% of the net proceeds for the repayment in part of the financial facilities provided by Ping An Bank to the Group; (ii) as to HK\$26,466,000 approximately 33% of the net proceeds for developments of the newly acquired mines in Myanmar; and (iii) as to HK\$9,624,000 approximately 12% the net proceeds as general working capital of the Group including but not limited to covering the administrative and operating expenses of the Hong Kong office	(i) HK\$44,110,000, for the repayment in part of the financial facilities provided by Ping An Bank to the Group; (ii) HK\$6,820,000, for developments of the newly acquired mines in Myanmar; and (iii) HK\$4,184,000, as general working capital of the Group including but not limited to covering the administrative and operating expenses of the Hong Kong office.

LISTING RULES IMPLICATIONS

As the Rights Issue will not increase the issued share capital or the market capitalisation of the Company by more than 50% (on its own or when aggregated with any other rights issues or open offers announced or commenced within the 12-month period immediately preceding the date of this announcement), the Rights Issue is not subject to Shareholders' approval under Rule 7.19(6) of the Listing Rules.

GENERAL

The Prospectus Documents setting out details of the Rights Issue will be despatched to the Qualifying Shareholders on the Prospectus Posting Date. Subject to the advice of the Company's legal advisers in the relevant jurisdictions and to the extent reasonably practicable, the Company will send (i) the Prospectus Documents to the Qualifying Shareholders; and (ii) the Prospectus (without the PAL and the EAF) to the Non-Qualifying Shareholders for their information only subject to compliance with the relevant local laws, regulations and requirements.

WARNING OF THE RISKS OF DEALINGS IN THE SHARES AND THE NIL-PAID RIGHTS SHARES

Shareholders and potential investors of the Company should note that the Rights Issue is conditional upon, among other things, the Underwriting Agreement becoming unconditional and not being terminated in accordance with its terms. Please refer to the paragraph headed "Conditions of the Underwriting Agreement" under the section headed "The Underwriting Agreement" in this announcement for further details. It should also be noted that the Underwriting Agreement contains provisions granting the Underwriter the right to terminate its obligations on the occurrence of certain events including force majeure. Please refer to the paragraph headed "Termination of the Underwriting Agreement" under the section headed "The Underwriting Agreement" in this announcement for further details. Accordingly, the Rights Issue may or may not proceed.

The Shares are expected to be dealt in on an ex-rights basis from Wednesday, 30 August 2017. Dealings in the Rights Shares in nil-paid form are expected to take place from 9:00 a.m. on Tuesday, 12 September 2017 to 4:00 p.m. on Tuesday, 19 September 2017 (both days inclusive). Any Shareholder or other person contemplating transferring, selling or purchasing the Shares and/or the nil-paid Rights Shares is advised to exercise caution when dealing in the Shares and/or the nil-paid Rights Shares.

Any Shareholder or other person who is in any doubt about his/her/its position or any action to be taken is recommended to consult his/her/its own professional adviser(s). Any Shareholder or other person dealing in the Shares or in the nil-paid Rights Shares up to the date on which all the conditions to which the Rights Issue is subject are fulfilled (and the date on which the Underwriter's right of termination of the Underwriting Agreement ceases) will accordingly bear the risk that the Rights Issue may not become unconditional or may not proceed.

DEFINITIONS

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

“associates” and “substantial Shareholder”	has the meaning ascribed thereto under the Listing Rules
“Board”	the board of the Directors
“Business Day”	a day (other than Saturday, Sunday, public holiday or any day on which typhoon signal no. 8 or above or a “black” rainstorm warning is hoisted in Hong Kong) on which banks are generally open for business in Hong Kong
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CDI”	CITIC Dameng Investments Limited, a substantial Shareholder
“Company”	China Polymetallic Mining Limited, a company incorporated in the Cayman Islands with limited liability and the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2133)
“Director(s)”	director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholder(s) in connection with the Rights Issue
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited

“Independent Third Parties”	person(s) or company(ies) who/which is/are not connected with the Company and its connected persons (as defined under the Listing Rules)
“Irrevocable Undertaking”	the irrevocable undertaking given by CDI to the Company and the Underwriter to take up all its entitlement by itself under the Rights Issue, details of which are set out in the section headed “The Irrevocable Undertaking to Subscribe for the Rights Shares” of this announcement
“Last Trading Day”	18 August 2017, being the date of the Underwriting Agreement
“Latest Lodging Time”	4:30 p.m. on Thursday, 31 August 2017 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for lodging transfer of Shares in order to be qualified for the Rights Issue
“Latest Time for Acceptance”	4:00 p.m. on Friday, 22 September 2017 or such later time or date as may be agreed between the Underwriter and the Company, being the latest time for acceptance of, and payment for, the Rights Shares as described in the Prospectus
“Latest Time for Termination”	4:00 p.m. on Monday, 25 September 2017, being the next Business Day following (but excluding) the Latest Time for Acceptance or such later time or date as may be agreed between the Underwriter and the Company, being the latest time to terminate the Underwriting Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Non-Qualifying Shareholders”	those Overseas Shareholders whom the Directors, after making relevant enquiries pursuant to Rule 13.36(2)(a) of the Listing Rules, consider it necessary or expedient to exclude from the Rights Issue on account either of the legal restrictions under the laws of the relevant place or the requirements of any relevant regulatory body or stock exchange in that place

“Overseas Shareholders”	Shareholders with registered addresses (as shown in the register of members of the Company on the Record Date) which are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) to be issued to the Qualifying Shareholder(s) in connection with the Rights Issue
“PRC”	the People’s Republic of China, which for the purpose of this announcement, will exclude Hong Kong, Taiwan and the Macau Special Administrative Region of the People’s Republic of China
“Prospectus”	the prospectus containing details of the Rights Issue to be despatched to the Qualifying Shareholders on the Prospectus Posting Date
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Friday, 8 September 2017 or such later date as may be agreed between the Underwriter and the Company for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s) whose name(s) is/are registered on the register of the members of the Company on the Record Date, other than the Non-Qualifying Shareholder(s)
“Record Date”	Thursday, 7 September 2017, or such other date as may be agreed between the Company and the Underwriter in writing for the determination of the entitlements under the Rights Issue
“Rights Issue”	the proposed issue of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price on the terms and subject to the conditions set out in the Underwriting Agreement and the Prospectus Documents
“Rights Share(s)”	1,193,259,000 Rights Shares (assuming there is no change in the issued share capital of the Company from the date of this announcement up to the Record Date)
“Share(s)”	ordinary share(s) of HK\$0.00001 each in the share capital of the Company

“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	HK\$0.12 per Rights Share
“Undertaken Shares”	296,387,710 Rights Shares agreed to be taken up by CDI under the Irrevocable Undertaking
“Underwriting Agreement”	the underwriting agreement dated 18 August 2017 and entered into between the Company and the Underwriter in relation to the Rights Issue
“Underwritten Shares”	896,871,290 Rights Shares being underwritten by the Underwriter pursuant to the terms of the Underwriting Agreement, representing all the Rights Shares less the number of Rights Shares undertaken by CDI under the Irrevocable Undertaking
“Underwriter”	Astrum Capital Management Limited, a licensed corporation under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) to conduct type 1 (dealing in securities), type 2 (dealing in futures contracts), type 6 (advising on corporate finance) and type 9 (asset management) regulated activities
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

By Order of the Board
China Polymetallic Mining Limited
Lei Dejun
Executive Director

Hong Kong, 18 August 2017

As at the date of this announcement, the Board comprises Mr. Lei Dejun as executive Director; Mr. Lee Kenneth Jue, Mr. Yin Bo and Mr. Chan Suk Ching as non-executive Directors; and Mr. Miu Edward Kwok Chi, Mr. Ma Shirong and Mr. Chi Hongji as independent non-executive Directors.