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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)

**SUPPLEMENTAL ANNOUNCEMENT
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**

Reference is made to the announcement of China Polymetallic Mining Limited (the “**Company**”) dated 18 August 2017 in relation to the rights issue on the basis of one rights share for every two existing shares held on the record date (the “**Announcement**”). Unless otherwise defined, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcement.

As disclosed in the Announcement, the Subscription Price of HK\$0.12 per Rights Share 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.

The Company would like to provide supplementary information in relation to the basis of determination of the Subscription Price as follows:

- (1) the Group recorded consecutive loss of approximately RMB94.1 million and RMB126.9 million for the two years ended 31 December 2016, respectively. In addition, the trading liquidity of the Shares continued to be thin for the six months preceding the Last Trading Day (the “**Relevant Period**”) and the average daily trading volume of the Shares during the Relevant Period was approximately 2,676,487 Shares, representing approximately 0.11% of the total number of issued Shares and approximately 0.18% of the total number of issued Shares held by the public Shareholders as at the date of the Underwriting Agreement. In view of the unsatisfactory financial performance and position of the Group, as well as the thin trading volume of the Shares, the Directors consider that it is necessary to set the Subscription Price at a discount to the recent market price, so as to attract the Qualifying Shareholders to participate in the Rights Issue; and
- (2) the Directors have reviewed all rights issue announcements issued by companies listed on the Stock Exchange during the Relevant Period and identified an exhaustive list of 22 rights issues (the “**Comparables**”) announced during such period. The subscription prices of the Comparables ranged from a discount of approximately 62.7% to a premium of approximately 21.3% to the respective closing prices of their shares on the last trading day prior to the release of the respective announcements (the “**LTD Market Range**”), with a median of discount of approximately 29.5% and an average of discount of approximately 28.4%. The discount rate implied by the Subscription Price to the closing price of Shares on the Last Trading Day is 50.8%, which falls within the LTD Market Range. Further, the subscription prices of the Comparables ranged from a discount of approximately 50.0% to a premium of approximately 15.9% to the respective theoretical ex-rights prices of their shares on their respective last trading days prior to the release of the rights issue announcements (the “**TERP Market Range**”), with a median of discount of approximately 14.9% and an average of discount of approximately 18.6%. The discount rate implied by the Subscription Price to the theoretical ex-rights price of the Shares on the Last Trading Day is 40.8%, which falls within the TERP Market Range. The Directors consider that 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 the discount level of the Subscription Price to the market price falls within the range of that of the Comparables.

In view of the above, and having considered that the all Qualifying Shareholders will be offered equal opportunity to subscribe for the Rights Shares by way of provisional allotment and, if they so wish, excess applications at the same Subscription Price, no interest of any Qualifying Shareholder is prejudiced in this respect. On such basis, the Directors consider that the Subscription Price is fair and reasonable and in the interest of the Company and the Shareholders as a whole.

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

Hong Kong, 22 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.