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CHINA GOLD INTERNATIONAL RESOURCES CORP. LTD.

中國黃金國際資源有限公司

(a company incorporated under the laws of British Columbia, Canada with limited liability)

(Hong Kong Stock code: 2099)

(Toronto Stock code: CGG)

**ANNOUNCEMENT IN RELATION TO
PARTIALLY EXEMPT CONTINUING CONNECTED TRANSACTION
DEPOSIT SERVICES AGREEMENT
AND FULLY EXEMPT CONNECTED TRANSACTION LOAN AGREEMENT**

On December 18, 2017, the Company and China Gold Finance entered into the Deposit Services Agreement pursuant to which the Company and its subsidiaries may, from time to time, make withdrawals and deposits with China Gold Finance up to a daily maximum deposit balance (including interest) not exceeding RMB 100,000,000.

On December 18, 2017, the Company and China Gold Finance entered into the Loan Agreement pursuant to which China Gold Finance agreed to provide an unsecured loan in the aggregate amount of RMB 350,000,000 to satisfy the financial needs of the Group within the PRC.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

As at the Latest Practicable Date, China National Gold held approximately 39.3% of the 396,413,753 issued Shares of the Company through CNGGHK, its wholly-owned subsidiary, and thus is the ultimate controlling shareholder of the Company. China National Gold holds a 51% interest in China Gold Finance and therefore, China Gold Finance is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules.

Deposit Services Agreement:

The deposit services are a continuing connected transaction being the provision of financial assistance by the Group to a connected person of the Company. As at least one of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the Deposit Services Agreement is greater than 0.1%, but all of the applicable percentage ratios are less than 5%, the transactions contemplated under the Deposit Services Agreement are subject to reporting and announcement requirements, but exempt from independent shareholders' approval requirements under the Hong Kong Listing Rules.

Loan Agreement:

The Loan Agreement constitutes a connected transaction, being the financial assistance by a connected person of the Company to the Group. As the Directors (including the independent non-executive Directors) consider the Loan to be on normal commercial terms, and as it is not secured by the assets of the Group, it is fully exempt pursuant to Rule 14A.90 of the Hong Kong Listing Rules from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

CONTINUING CONNECTED TRANSACTION

Deposit Services Agreement

A. Key terms of the Deposit Services Agreement

Date:	December 18, 2017
Parties:	(a) the Company, as the Recipient; and (b) China Gold Finance, as the Provider
Subject matter:	Deposit services provided by China Gold Finance to the Recipient and/or its controlled subsidiaries within the PRC.
Term:	One year commencing January 1, 2018
Description:	<u>Deposit Service</u> China Gold Finance will accept deposits from the Recipients, up to a maximum amount of daily deposit balance (including interest) not exceeding RMB100 million during the term of the Deposit Services Agreement.
Payment terms:	Deposit interest rates payable by China Gold Finance to the Recipients for any deposits shall be, at a minimum, 20% higher than the benchmark interest rate published by The People's Bank of China for the same period and for the same type of deposit.

B. Proposed cap and basis of determination for cap under the Deposit Services Agreement

The following table sets out the proposed daily cap for the years indicated.

PERIOD	JAN 1, 2018 – DEC 31, 2018
DAILY DEPOSIT BALANCE (INCLUDING ANY INTEREST)	RMB 100 million

The Company estimates that the daily cap for the maximum daily balance of the deposit (including any interest) for the term of the Deposit Services Agreement is RMB100,000,000 after considering the current operations and development plan of the Recipient. After giving effect to the expansion of the Jiama Mine and factoring in possible acquisitions that the Company is pursuing, the Company anticipates its revenues, and therefore its overall cash flows, will increase which will generate more utilization under the Deposit Services Agreement. The cap has been set having regard to the Group's anticipated surplus onshore cash flow expectations during 2018.

C. Reasons for the Deposit Services Agreement

The reasons for and benefits on the Deposit Services Agreement mainly include:

- (a) the Deposit Services Agreement will enable all of the existing and potential new members of the Group to utilize the deposit services provided by China Gold Finance;
- (b) the interest rate payable for the Recipients' deposits with China Gold Finance shall be, at a minimum, 20% higher than the benchmark interest rate published by The People's Bank of China for the same period and for the same type of deposit;
- (c) China Gold Finance shall ensure the prudent management of its business and the strict compliance with the risk control indicators for financial institutions issued by the CBRC;

- (d) China Gold Finance is required under the terms of the Deposit Services Agreement to provide deposit services to the Recipients at terms that are not inferior to the terms for the same type of services provided by the major domestic commercial banks, and by China Gold Finance to China National Gold and its subsidiaries;
- (e) China National Gold has excellent credibility in the gold industry and a very sound financial history;
- (f) the Group has a long term cooperative relationship with China National Gold;
- (g) China Gold Finance is regulated by the CBRC and must adhere, when providing the deposit services, to the relevant rules, regulations and measures formulated and promulgated thereunder and other applicable PRC laws and regulations issued by the central government or local governments at the provincial, autonomous regional and municipal levels of the PRC from time to time;
- (h) China Gold Finance has been in operation since 2015 and has established a proven track record of performance;
- (i) The Recipients are expected to benefit from the China Gold Finance's better understanding of the operations of the Recipient which will allow more expedient and efficient services than those rendered by other major domestic commercial banks;
- (j) Pursuant to the relevant regulations of the CBRC, the customers of China Gold Finance are limited to entities affiliated with China National Gold and its subsidiaries, thereby reducing the risks that China Gold Finance may otherwise be exposed to if its customers include other entities unrelated to China National Gold;
- (k) China National Gold, being the largest gold producer in China and 100% owned by the Chinese central government, has good credibility in the industry. This lends assurance to the Recipients that risks they may face conducting business with China National Gold (including China Gold Finance) should be low;
- (l) The terms under the Deposit Services Agreement are fair, reasonable and beneficial to the Group;
- (m) The Directors (including the independent non-executive Directors) consider that the terms of the Deposit Services Agreement and the daily cap in respect of the maximum daily balance of deposit (including interest) under the Deposit Services Agreement are fair and reasonable and are entered into on normal commercial terms, and on terms no less favourable than those available to independent third parties under the prevailing local market conditions, in the ordinary and usual course of business of the Company and in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE HONG KONG LISTING RULES

Deposit Services Agreement

As at the Latest Practicable Date, China National Gold held approximately 39.3% of the 396,413,753 issued Shares of the Company through CNGGHK, its wholly-owned subsidiary, and thus is the ultimate controlling shareholder of the Company. China National Gold holds a 51% interest in China Gold Finance and therefore, China Gold Finance is a connected person of the Company under Chapter 14A of the Hong Kong Listing Rules.

The deposit services are a continuing connected transaction, being the provision of financial assistance by the Group to a connected person of the Company. As at least one of the applicable percentage ratios (as defined under Rule 14.07 of the Hong Kong Listing Rules) in respect of the Deposit Services Agreement is greater than 0.1%, but all of the applicable percentage ratios are less than 5%, the transactions contemplated under the Deposit Services Agreement are subject to reporting and announcement requirements, but exempt from independent shareholders' approval requirements under the Hong Kong Listing Rules.

LOAN AGREEMENT

The Loan Agreement constitutes a connected transaction, being the provision of financial assistance by a connected person of the Company to the Group. As the directors (including the independent non-executive Directors) consider the Loan to be on normal commercial terms, and as it is not secured by the assets of the Group, it is fully exempt pursuant to Rule 14A.90 of the Hong Kong Listing Rules from the reporting, announcement and independent Shareholders' approval requirements under Chapter 14A of the Hong Kong Listing Rules.

MANAGEMENT OF CONFLICTS

Each of Mr. Xin Song (Chairman and executive Director), Mr. Bing Liu (executive Director), Mr. Lianzhong Sun (non-executive Director) and Mr. Liangyou Jiang (executive Director) are considered to have a conflict of interest in the transactions contemplated under the Deposit Services Agreement and the Loan Agreement, respectively due to their senior management positions held in China National Gold. All of them abstained from voting on the relevant resolutions at the Board meeting to approve the Deposit Services Agreement and the Loan Agreement, respectively. All the remaining Directors have confirmed at such Board meeting that they have no material interest in the transactions contemplated under both the Deposit Services Agreement and the Loan Agreement.

INFORMATION ABOUT THE COMPANY

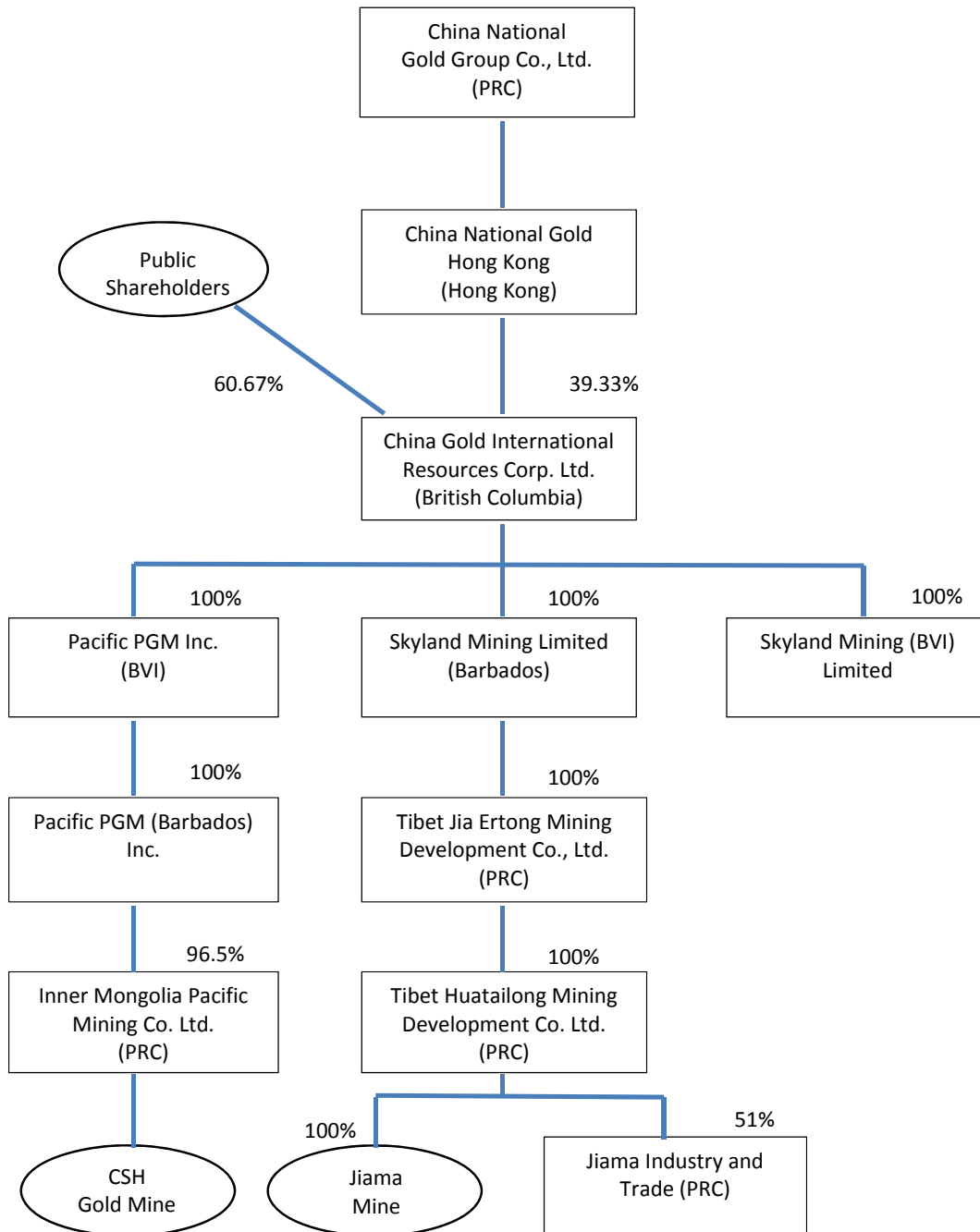
The Company is a gold and base metal mining company based in Vancouver, Canada. Its principal properties are located in Inner Mongolia, China and in the Tibet Autonomous Region, China. The Company commenced gold production at the Inner Mongolia mine in July 2007 and commenced commercial gold production on July 1, 2008. The Company also commenced commercial production of copper, molybdenum, gold, silver, lead and zinc at the Tibet mine in December 2010.

INFORMATION ABOUT CHINA NATIONAL GOLD

China National Gold is the only enterprise directly supervised by the State Council of the PRC that focuses on the exploration, mining, processing, smelting, refining and sales of gold. It also operates other nonferrous mineral assets related businesses. The predecessor of China National Gold was China National Gold Corporation, which was established in 1979 and headquartered in Beijing. China National Gold was the largest gold producer in China in 2016 by gold output, according to the China Gold Association. It is also the only enterprise in the gold industry in China that explores, produces and processes gold with a grade of Au99999.

China National Gold is the controlling shareholder of the Company, holding 39.3% of the issued and outstanding Shares of the Company. Therefore, China National Gold is a connected person of the Company for the purpose of Chapter 14A of the Hong Kong Listing Rules.

The following chart illustrates the relationship between the Company and China National Gold.



INFORMATION ABOUT CHINA GOLD FINANCE

China Gold Finance obtained approval for establishment from the CBRC on August 18, 2014. China Gold Finance obtained the Financial License granted by CBRC’s Beijing office on May 12, 2015. The principal operations of China Gold Finance include: providing financial and financing advisory, assisting its members in collecting and making transaction payments; handling entrusted loan and entrusted investments among its members; handling bill acceptance and discounting affairs for its members; conducting internal financial transfers between members the corresponding settlement, clearing design; absorbing deposits from its members; providing loans and finance lease to its members; and engaging in inter-bank borrowings.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions shall have the following meanings:

“Board”	the board of Directors;
“Cap”	with respect to the Deposit Services Agreement, the daily cap of such services provided pursuant to the Deposit Services Agreement, as set out in this announcement;
“China Gold Finance”	China National Gold Group Finance Co., Ltd., a subsidiary of China National Gold existing under the laws of PRC;
“China National Gold”	China National Gold Group Co., Ltd. (formerly known as China National Gold Group Corporation), the ultimate controlling shareholder of the Company currently holding approximately 39.3% of the issued share capital of the Company through China National Gold Hong Kong Limited, its wholly-owned subsidiary;
“CNGGHK”	China National Gold Group Hong Kong Limited;
“Company”	China Gold International Resources Corp. Ltd., a limited liability company incorporated under the laws of British Columbia, Canada with its Shares listed on both the Hong Kong Stock Exchange and the Toronto Stock Exchange;
“connected person(s)”	has the same meaning ascribed thereto under the Hong Kong Listing Rules;
“Continuing Connected Transactions”	the transactions contemplated under the Deposit Services Agreement, and the Cap thereunder, which constitutes a continuing connected transactions of the Company under Chapter 14A of the Hong Kong Listing Rules;
“CBRC”	China Banking Regulatory Commission ;
“Deposit Services Agreement”	deposit services agreement between the Company and China Gold Finance dated December 18, 2017 pursuant to which the Company and its subsidiaries may, from time to time, make withdrawals and deposits with China Gold Finance up to a daily maximum deposit balance (including interest) not exceeding RMB 100,000,000;
“Directors”, each a “Director”	the directors of the Company;
“Group”	the Company and its subsidiaries (as defined under the Hong Kong Listing Rules);
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Huatailong”	Tibet Huatailong Mining Development Co., Ltd., a limited liability company incorporated in the PRC which owns and operates the Jiama Mine, in which the Company holds a 100% interest through Skyland Mining Limited and Tibet Jia Ertong Mining Development Co., Ltd., its wholly-owned subsidiaries;
“Inner Mongolia”	Inner Mongolia Autonomous Region of the PRC;

“Jiama Mine”	Jiama Copper-Gold Polymetallic Mine located in Tibet, China. Jiama hosts a large scale copper-gold polymetallic deposit consisting of copper, gold, molybdenum, silver, lead and zinc. It is owned and operated by the Group through the Company’s indirect wholly-owned subsidiary Huatailong;
“Latest Practicable Date”	December 19, 2017, being the latest practicable date before this Announcement;
“Loan”	unsecured loan in the aggregate amount of RMB 350,000,000 from China Gold Finance to the Company;
“Loan Agreement”	loan agreement between the Company and China Gold Finance dated December 18, 2017 pursuant to which China Gold Finance agreed to provide an unsecured loan in the aggregate amount of RMB 350,000,000 to satisfy the financial needs of the Group within the PRC;
“PRC”	The People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, Macau Special Administrative Region of the PRC, and Taiwan;
“Provider”	with respect to the Deposit Services Agreement, China Gold Finance as the provider of the deposit services;
“Recipients”	with respect to the Deposit Services Agreement, the Company and/or its subsidiaries as the recipient(s) of the deposit services;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholder(s)”	holder(s) of Share(s);
“Share(s)”	share(s) of the Company;
“Toronto Stock Exchange”	The Toronto Stock Exchange of Toronto, Canada;
“US\$”	United States dollars, the lawful currency of the United States of America;
“%”	percent.

By order of the Board
China Gold International Resources Corp. Ltd.
Mr. Song, Xin
Chairman

Hong Kong, December 19, 2017.

As of the date of this announcement, the executive directors of the Company are Xin Song, Bing Liu and Liangyou Jiang, the non-executive directors of the Company are Lianzhong Sun and Xiangdong Jiang and the independent non-executive directors are Ian He, Yunfei Chen, Gregory Hall and John King Burns.