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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)

**2011 ANNUAL CAP OF CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the Prospectus, in which details of the 2008 Contract for Purchase and Sale of Dore have been disclosed.

It has recently come to the attention of the Company that the sales amount under the 2008 Contract for Purchase and Sale of Dore during the financial year ended 31 December 2011 had slightly exceeded the 2011 Annual Cap.

This announcement is made in compliance with Rule 14A.40 of the Hong Kong Listing Rules.

Reference is made to the prospectus of the Company dated 17 November 2010 in relation to its global offering of 53,660,000 shares and listing on the Hong Kong Stock Exchange (the “**Prospectus**”), in which details of the 2008 Contract for Purchase and Sale of Dore have been disclosed. The Hong Kong Stock Exchange had granted a waiver in favour of the Company, before the listing of the shares of the Company on the Hong Kong Stock Exchange, to waive, subject to certain conditions, the transactions under the 2008 Contract for Purchase and Sale of Dore from compliance with the announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Hong Kong Listing Rules for a period up to 31 December 2011. Such conditions include, among other things, that the maximum annual sales volume under the 2008 Contract for Purchase and Sale of Dore for the year ended 31 December 2011 should not exceed RMB1,300 million (the “**2011 Annual Cap**”).

It has recently come to the attention of the Company that the sales amount under the 2008 Contract for Purchase and Sale of Dore during the year ended 31 December 2011 had slightly exceeded the 2011 Annual Cap by approximately RMB25.3 million, representing approximately 1.94% of the 2011 Annual Cap.

In accordance with Rule 14A.36(1) of the Hong Kong Listing Rules, if an annual cap is exceeded in respect of a given transaction, the Company will have to re-comply with the provisions of Chapter 14A of the Hong Kong Listing Rules in relation to such connected transaction.

## **REASONS FOR EXCEEDING THE 2011 ANNUAL CAP**

The 2011 Annual Cap had been exceeded mainly due to factors beyond the Company's control. The primary factor was the substantial increase in the price of gold. During the period from the beginning of 2009 to the end of 2011, the price of gold increased by a compound annual growth rate of approximately 19%. As such, even though the Company's production rate of gold dore bars was maintained within its estimated level, the unexpected substantial increase in the price of gold led to an actual sales amount which went above the 2011 Annual Cap. The 2011 Annual Cap was the Company's best estimate at the time when it was determined in 2010 based on historical figures and information then available, and the substantial increase in the price of gold was not anticipated.

In order to prevent a recurrence of this incident, the Company will strengthen its internal control in monitoring all continuing connected transactions, in particular:

- (1) the chief financial officer of the Company, the finance department at the headquarter of the Company, as well as the finance department at the CSH Mine will be collectively responsible for reviewing and monitoring actual sales amounts under continuing connected transactions that are subject to annual monetary caps;
- (2) the finance department at the CSH Mine will be required to report internally on the actual sales amount under continuing connected transactions on a monthly basis, and such monthly sales amounts will be cross-checked against the annual monetary cap at quarterly intervals to assess the likelihood of reaching the annual monetary cap;
- (3) if it is anticipated that the actual sales amount is close to reaching the annual monetary cap, the finance department will coordinate with the relevant business units to ensure that all further transactions are closely monitored and controlled and that Independent Shareholders' approval will be sought if circumstances so require; and
- (4) in December of each year, the finance department at the CSH Mine will be required to produce an annual budget for the following year, clearly setting out the anticipated sales amount for each transaction that will be subject to the annual monetary cap. This will enable the Company to better predict and assess the size of transactions relative to the annual monetary cap and will further prevent the cap from being exceeded.

## DEFINITIONS

“2008 Contract for Purchase and Sale of Dore”	the contract for purchase and sale of dore dated 24 October 2008 between Inner Mongolia Pacific and China National Gold for the sale by Inner Mongolia Pacific and the purchase by China National Gold of gold dore bars and silver by-products produced at the CSH Gold Mine from time to time through to 31 December 2011;
“associate”	has the meaning ascribed thereto under the Hong Kong Listing Rules;
“Board”	the board of Directors;
“China National Gold”	China National Gold Group Corporation* (中國黃金集團公司), the ultimate controlling shareholder of the Company currently holding approximately 39.33% of the issued share capital of the Company through China National Gold Group Hong Kong Limited (中國黃金集團香港有限公司), its wholly-owned subsidiary incorporated in Hong Kong;
“Company”	China Gold International Resources Corp. Ltd. (中國黃金國際資源有限公司), a limited liability company incorporated under the laws of British Columbia, Canada with shares listed on both the Hong Kong Stock Exchange and the Toronto Stock Exchange;
“CSH Gold Mine”	Chang Shan Hao mine (長山壕金礦), a gold mine located in Wulate Zhong Qi in Inner Mongolia Autonomous Region of the PRC, in which our Group holds a 96.5% interest through Pacific PGM (Barbados) Inc., its wholly-owned subsidiary incorporated in Barbados;
“Directors”	the directors of the Company;
“Group”	the Company and its subsidiaries;
“Hong Kong”	Hong Kong Special Administrative Region of the PRC;

“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Independent Shareholders”	the shareholders of the Company other than China National Gold and any of its associates;
“Inner Mongolia Pacific”	Inner Mongolia Pacific Mining Co. Limited (內蒙古太平礦業有限公司), a cooperative joint venture company incorporated in the PRC which owns and operates the CSH Gold Mine and in which the Company holds a 96.5% interest through a wholly-owned subsidiary;
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, Macau Special Administrative Region, and Taiwan;
“RMB”	Renminbi, the lawful currency of the PRC;
“Toronto Stock Exchange”	The Toronto Stock Exchange of Toronto, Canada.

*\* For identification purposes only*

By Order of the Board  
**China Gold International Resources Corp. Ltd.**  
**Mr. Sun, Zhaoxue**  
*Chairman*

Hong Kong, 27 March 2012

*As of the date of this announcement, the executive Directors are Mr. Sun, Zhaoxue, Mr. Song, Xin, Mr. Wu, Zhanming and Mr. Jiang, Xiangdong, the non-executive Director is Mr. Liu, Bing and the independent non-executive Directors are Mr. He, Ying Bin Ian, Mr. Chen, Yunfei, Mr. Hall, Gregory Clifton and Mr. Burns, John King.*