
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ACTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in ZHAOJIN MINING INDUSTRY COMPANY LIMITED (the “Company”), you should at once hand this circular together with the accompanying form of proxy and reply slip to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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)

**PROPOSED ABSORPTION-AND-MERGER OF
A WHOLLY-OWNED SUBSIDIARY
AND
NOTICE OF 2018 SECOND EXTRAORDINARY GENERAL MEETING**

Unless the context otherwise requires, capitalised terms used in this circular (including this cover page) have the same meanings as those defined in the section headed “Definitions” in this circular.

The EGM of the Company will be held at the Company’s conference room at No. 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC at 9:00 a.m. on Monday, 29 October 2018. The notice convening the EGM is set out in this circular.

Shareholders who have the right to attend and vote at the EGM are entitled to appoint one or more proxies (whether or not a Shareholder) in writing to attend and vote at the EGM on his/her behalf. For those Shareholders who appoint more than one proxy, such proxies can only exercise their voting rights by way of poll. If you intend to appoint one or more proxies, you should first read the instructions on the accompanying proxy form, and deposit the signed proxy form and (if the proxy form is signed by a person under a power of attorney or other authority) the notarially certified copy of such power of attorney or other authority under which it is signed, no later than 9:00 a.m. on Friday, 26 October 2018, at (i) the Company’s share registrar for H Shares in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H Shares); or (ii) the registered address of the Company in the PRC (for holders of Domestic Shares). Completion and return of the proxy form shall not preclude a Shareholder from attending and voting at the EGM or any adjourned meetings if he or she so wishes.

Shareholders who intend to attend the EGM are required to return the reply slip by hand, by post, by telegram or by fax, on or before 9 October 2018, to (i) the Company’s share registrar for H Shares in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H Shares), or (ii) the registered address of the Company in the PRC (for holders of Domestic Shares).

In order to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged, no later than 4:30 p.m. on 28 September 2018, with (i) the Company’s share registrar for H Shares in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H Shares), or (ii) the registered address of the Company in the PRC (for holders of Domestic Shares).

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DEFINITIONS

In this circular, unless otherwise indicated in the context, the following expressions have the following meanings:

“Articles of Association”	the articles of association of the Company
“Board”	the board of Directors
“Company”	Zhaojin Mining Industry Company Limited* (招金礦業股份有限公司) (Stock Code: 1818), a joint stock limited company incorporated in the PRC and the H Shares of which are listed on the Hong Kong Stock Exchange
“Director(s)”	the directors of the Company
“Domestic Share(s)”	ordinary shares issued by the Company, with a Renminbi denominated par value of RMB1.00 each, which were subscribed for and paid up in Renminbi
“EGM”	the 2018 second extraordinary general meeting of the Company to be held at the Company’s conference room at No. 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC at 9:00 a.m. on Monday, 29 October 2018
“Group”	the Company and its subsidiaries from time to time
“Hong Kong”	The Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Share(s)”	overseas-listed foreign invested shares in the share capital of the Company, with a RMB-denominated par value of RMB1.00 each, which are traded in Hong Kong dollars and listed on the main board of the Hong Kong Stock Exchange
“Jin Shi Mining”	Yantai Jin Shi Mining Investment Company Limited* (煙台金時礦業投資有限公司), a wholly-owned subsidiary of the Company proposed to be absorbed and merged by the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of PRC

* For identification purpose only

DEFINITIONS

“Shareholder(s)”	the registered holder(s) of Domestic Shares and H Shares
“Share(s)”	ordinary shares with a par value of RMB1.00 each in the share capital of the Company, comprising Domestic Shares and H Shares

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Weng Zhanbin (*Chairman*)

Mr. Dong Xin

Mr. Wang Ligang

Registered address:

No. 299 Jinhui Road

Zhaoyuan City

Shandong Province

PRC

Non-executive Directors:

Mr. Xu Xiaoliang (*Vice chairman*)

Mr. Liu Yongsheng

Mr. Yao Ziping

Mr. Gao Min

Principal place of business in

Hong Kong:

31/F, Tower Two, Times Square

1 Matheson Street

Causeway Bay

Hong Kong

Independent Non-executive Directors:

Ms. Chen Jinrong

Mr. Choy Sze Chung Jojo

Mr. Wei Junhao

Mr. Shen Shifu

14 September 2018

To the Shareholders

Dear Sir or Madam,

PROPOSED ABSORPTION-AND-MERGER OF A WHOLLY-OWNED SUBSIDIARY AND NOTICE OF 2018 SECOND EXTRAORDINARY GENERAL MEETING

INTRODUCTION

The purpose of this circular is to provide you with the notice of EGM and the information regarding the resolutions to be proposed at the EGM concerning the proposed absorption-and-merger of Jin Shi Mining:

* For identification purpose only

LETTER FROM THE BOARD

I. PROPOSED ABSORPTION-AND-MERGER OF A WHOLLY-OWNED SUBSIDIARY

Reference is made to the announcement of the Company dated 13 September 2018 in relation to the proposed absorption-and-merger of Jin Shi Mining.

i. Background

In order to further integrate internal resources, reduce management costs, improve operational efficiency and further enhance the modernization level of corporate governance capability of the Group, the Company proposes to restructure Jin Shi Mining, a wholly-owned subsidiary of the Company, through absorption-and-merger.

Pursuant to the Company Law of the PRC and the Articles of Association, the absorption-and-merger is subject to the approval of the Shareholders by way of special resolution at a general meeting of the Company. The EGM will be convened on 29 October 2018 to consider, and if thought fit, approve the absorption-and-merger of Jin Shi Mining.

ii. Basic Information of the Absorption-and-Merger Parties

Merging Party: the Company

Merged Party: Jin Shi Mining

1. The Company

The Company was established on 16 April 2004 and has a current registered capital of RMB3,220,696,195. Its registered address is at No. 299 Jinhui Road, Zhaoyuan City, Yantai City, Shandong Province and its legal representative is Weng Zhanbin.

Business scope of the Company: gold exploration, ore processing, cyanide process (metallurgy) and sale of processed by-products; mine construction, and technology research and testing, technology promotion services; external investment within the scope permitted by laws and regulations; general freight services.

As at 30 June 2018, the unaudited total assets and net assets of the Group amounted to RMB35,769,946,000 and RMB16,856,401,000, respectively. The unaudited revenue of the Group for the six months ended 30 June 2018 amounted to approximately RMB2,868,567,000, and the unaudited net profits of the Group for the six months ended 30 June 2018 amounted to approximately RMB386,882,000.

LETTER FROM THE BOARD

2. *Jin Shi Mining*

Jin Shi Mining, a wholly-owned subsidiary of the Company, was established on 26 September 2011 and has a current registered capital of RMB5,000,000. Its registered address is at No. 299 Jinhui Road, Zhaoyuan City, Yantai City, Shandong Province and its legal representative is Dong Xin.

Business scope of Jin Shi Mining: investment in own assets (not allowed to engage in deposit-taking, financing, guarantee, wealth management on behalf of customers and other financial businesses unless with the approval of financial regulatory authorities); mining engineering consulting and technical services; wholesale and retail of gold, silver, copper, lead, zinc and mineral products.

Jin Shi Mining has not been in operation since its establishment but has provided entrusted loans to its subsidiary. For the eight months ended 31 August 2018, its unaudited revenue amounted to RMB0 and its net profits (arising from the interest received from its subsidiary in relation to the provision of entrusted loans) amounted to approximately RMB24,941,001. As at 31 August 2018, the unaudited total assets, total liabilities and equity attributable to owners of Jin Shi Mining amounted to approximately RMB308,576,758, RMB457,268,830 and RMB-148,692,072, respectively.

iii. Method, Scope and Related Arrangements of the Absorption-and-Merger

1. The Company intends to consolidate all assets, liabilities, business and staff of Jin Shi Mining by way of absorption-and-merger. Upon completion of the absorption-and-merger, the Company will continue to exist, while the independent legal person status of Jin Shi Mining will be de-registered.
2. The absorption-and-merger will not cause any change to the registered capital of the Company or the composition of the Shareholders.
3. The Company will not change the previous substantial operational activities of Jin Shi Mining within 12 months after completion of the absorption-and-merger.
4. Upon completion of the absorption-and-merger, all property and rights and obligations of Jin Shi Mining will be unconditionally borne by the Company; and all the rights and liabilities of Jin Shi Mining will be assumed by the Company.
5. Upon completion of the absorption-and-merger, all the staff of Jin Shi Mining will be managed and employed by the Company.
6. The parties involved in the absorption-and-merger shall prepare a balance sheet and an inventory of assets, and carry out relevant audit and assessment works (if necessary), as well as the procedures for notifying the creditors and publishing announcements on newspapers.

LETTER FROM THE BOARD

7. In order to transfer all the assets of Jin Shi Mining to the Company, the parties involved in the absorption-and-merger shall jointly complete the assets transfer procedures and the registration procedures for change of title for the relevant assets.
8. The parties involved in the absorption-and-merger shall perform other procedures as required by laws, administrative regulations and regulatory authorities.
9. Upon the said absorption-and-merger being considered and approved by the Shareholders at the EGM, the parties involved in the absorption-and-merger shall sign an absorption-and-merger agreement, prepare a balance sheet, an inventory of assets and a liquidation report, fulfill the procedures of notification of creditors and announcements and complete the deregistration formalities of Jin Shi Mining and other relevant matters as soon as possible after obtaining the approvals from the competent state-owned assets authority (if necessary).

iv. Effects of the Absorption-and-Merger on the Company

The absorption-and-merger will enable the Company to streamline its management structure by reducing management hierarchy, reducing operating costs and increasing management efficiency. Given that Jin Shi Mining is a wholly-owned subsidiary of the Company and its financial statements have been included in the scope of the Group's consolidated financial statements, the absorption-and-merger will not have a material impact on the Group's current profit and loss, nor will it prejudice the interests of the Company and its Shareholders.

The absorption-and-merger does not involve changes in the Company's share capital and registered capital.

v. Authority for the Absorption-and-Merger

A resolution will be proposed at the EGM to authorise the Board to handle all matters concerning the absorption-and-merger, including but not limited to dealing with the relevant signing of the absorption-and-merger agreement, assets transfer, staff allocation and change of commercial registration. This authorisation to the Board shall be valid until the completion of all matters in relation to the absorption-and-merger.

II. VOTING

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The chairman of the EGM shall therefore demand voting on the resolutions set out in the notice of EGM to be taken by way of poll pursuant to Article 8.18 of the Articles of Association.

On a poll, every Shareholder presents in person or by proxy (or being a corporation, by its duly authorised representative) shall have one vote for each Share registered in his/her/its name in the register of members of the Company. A Shareholder entitled to more than one vote needs not use all his/her/its votes or cast all his/her/its votes in the same manner.

LETTER FROM THE BOARD

III. RECOMMENDATIONS

The Board is of the view that the resolutions on the proposed absorption-and-merger of Jin Shi Mining are fair and reasonable and in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends all the Shareholders to vote in favour of the resolutions to be proposed at the EGM as set out in the notice of EGM.

IV. CLOSURE OF REGISTER OF MEMBERS

Shareholders should note that the register of members of the Company will be closed from 29 September 2018 to 29 October 2018 (both days inclusive), during which period no transfer of Shares can be registered. In order to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged, no later than 4:30 p.m. on 28 September 2018, with (i) the Company's share registrar for H Shares in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), or (ii) the registered address of the Company in the PRC (for holders of Domestic Shares).

V. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with respect to the Company. The information contained herein relating to the Company has been supplied by the Directors, who collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material aspects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

Yours faithfully,
By order of the Board
Zhaojin Mining Industry Company Limited*
WENG Zhanbin
Chairman

* For identification purpose only

NOTICE OF 2018 SECOND EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF 2018 SECOND EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2018 second extraordinary general meeting (the “EGM”) of Zhaojin Mining Industry Company Limited (the “**Company**”) will be held at the Company’s conference room at No. 299 Jinhui Road, Zhaoyuan City, Shandong Province, the People’s Republic of China (the “**PRC**”) at 9:00 a.m. on Monday, 29 October 2018 for the following purposes of considering and, if thought fit, passing the following resolutions:

SPECIAL RESOLUTIONS

- (a) To approve the absorption-and-merger of Jin Shi Mining; and
- (b) To authorise the Board to handle all matters concerning the absorption-and-merger of Jin Shi Mining.

By order of the Board
Zhaojin Mining Industry Company Limited*
WENG Zhanbin
Chairman

Zhaoyuan, the PRC, 14 September 2018

Notes:

1. Unless otherwise indicated, capitalised terms used herein shall have the same meanings as those defined in the circular of the Company dated 14 September 2018.
2. Shareholders should note that the register of members of the Company will be closed from 29 September 2018 to 29 October 2018 (both days inclusive), during which period no transfer of Shares can be registered. In order to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged, no later than 4:30 p.m. on 28 September 2018, with (i) the Company’s share registrar for H Shares in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (for holders of H Shares), or (ii) the registered address of the Company in the PRC (for holders of Domestic Shares).
3. Shareholders whose names appear on the register of members on 29 October 2018 are entitled to attend and vote at the EGM (or any adjourned meetings).
4. If a Shareholder appoints more than one proxy to attend the meeting, its proxy can only vote by poll.

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NOTICE OF 2018 SECOND EXTRAORDINARY GENERAL MEETING

5. Shareholders who have the right to attend and vote at the EGM are entitled to appoint one or more proxies (whether or not a Shareholder) in writing to attend and vote at the EGM on his/her behalf. For those Shareholders who appoint more than one proxy, such proxies can only exercise their voting rights by way of poll. Shareholders who intend to appoint one or more proxies should first read the accompanying circular. Completion and return of the proxy form of the EGM will not preclude a Shareholder from attending the EGM.
6. If a proxy is appointed to attend the EGM on behalf of a Shareholder, the proxy must produce proof of identity and the authorisation instrument with the date of issue and duly signed by the Shareholder or its legal personal representative, and in the case of legal representatives of legal person Shareholders, such legal representatives must produce proof of identity and effective document to identify its identity as legal representative. If a legal person Shareholder appoints a company representative other than its legal representative to attend the EGM, such representative must produce proof of identity and the authorisation instrument bearing the company chop of the legal person Shareholder and duly authorised by its legal representative.
7. If the proxy form is signed by a person under a power of attorney or other authorisation documents, such power of attorney or other authorisation documents must be notarially certified. In order to be valid, the notarially certified copy of such power of attorney or other authorisation documents under which it is signed together with the proxy form must be deposited no later than 9:00 a.m. on Friday, 26 October 2018 at (i) the Company's share registrar for H Shares in Hong Kong, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares); or (ii) the registered address of the Company in the PRC (for holders of Domestic Shares).
8. Shareholders who intend to attend the EGM should return the reply slip by hand, by post, by telegram or by fax, on or before 9 October 2018, to (i) the registered address of the Company in the PRC (for holders of Domestic Shares), or (ii) the Company's share registrar for H Shares in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares).
9. The EGM is expected to be held for less than half a day. Shareholders and their proxies who attend the meeting shall arrange for their own transportation and accommodation at their own expenses.

The registered address of the Company is as follows:

No. 299 Jinhui Road, Zhaoyuan City, Shandong Province, the PRC
Tel: (86 535) 8256086
Fax: (86 535) 8227541
Postal code: 265400

As at the date of this notice, the Board comprises:

Executive Directors: Mr. Weng Zhanbin, Mr. Dong Xin and Mr. Wang Ligang

Non-executive Directors: Mr. Xu Xiaoliang, Mr. Liu Yongsheng, Mr. Yao Ziping and Mr. Gao Min

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