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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)

**VOLUNTARY ANNOUNCEMENT
PROPOSED ABSORPTION-AND-MERGER OF
A WHOLLY-OWNED SUBSIDIARY**

This announcement is made by Zhaojin Mining Industry Company Limited (the “**Company**”, together with its subsidiaries from time to time, the “**Group**”) on a voluntary basis in respect of an internal restructuring exercise of the Group.

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 Yantai Jin Shi Mining Investment Company Limited (煙台金時礦業投資有限公司, “**Jin Shi Mining**”), a wholly-owned subsidiary of the Company, through absorption-and-merger.

Pursuant to the Company Law of the People’s Republic of China (“**PRC**”) and the articles of association of the Company, the absorption-and-merger is subject to the approval of the shareholders of the Company (the “**Shareholders**”) by way of special resolution at a general meeting of the Company. The extraordinary general meeting (the “**EGM**”) to consider, and if thought fit, approve the absorption-and-merger of Jin Shi Mining will be convened on 29 October 2018.

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.

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.
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 (the "**Board**") of directors (the "**Directors**") of the Company 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.

VI. GENERAL

A circular of the Company containing further information relating to, among others, the aforesaid matters, together with the notice of the EGM, will be despatched to the Shareholders on or about 14 September 2018.

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

Zhaoyuan, the PRC, 13 September 2018

As at the date of this announcement, the Board comprises Mr. Weng Zhanbin, Mr. Dong Xin and Mr. Wang Ligang as executive Directors; Mr. Xu Xiaoliang, Mr. Liu Yongsheng, Mr. Yao Ziping and Mr. Gao Min as non-executive Directors; and Ms. Chen Jinrong, Mr. Choy Sze Chung Jojo, Mr. Wei Junhao and Mr. Shen Shifu as independent non-executive Directors.

* *For identification purpose only*