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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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**If you have sold or transferred** all your shares in Zijin Mining Group Co., Ltd.\*, you should at once pass this circular to the purchaser, the transferee, the bank, the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of Zijin Mining Group Co., Ltd.\*

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**Zijin Mining Group Co., Ltd.\***

**紫金礦業集團股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
(Stock code: 2899)

- (1) PROPOSED PUBLIC ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS;**
- (2) POSSIBLE CONNECTED TRANSACTION – SUBSCRIPTION OF A SHARE CONVERTIBLE CORPORATE BONDS BY MINXI XINGHANG;**
- (3) POSSIBLE CONNECTED TRANSACTION – SUBSCRIPTION OF A SHARE CONVERTIBLE CORPORATE BONDS BY THE RELEVANT DIRECTORS AND SUPERVISORS AND/OR THE RELEVANT DIRECTORS UNDER THE EMPLOYEE STOCK OWNERSHIP SCHEME**

**MESSIS**  **大有融資**

### **INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT BOARD COMMITTEE AND THE INDEPENDENT SHAREHOLDERS**

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A letter from the Board is set out on pages 5 to 32 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 33 to 34 of this circular. A letter from the Independent Financial Adviser, Mensis Capital Limited, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 35 to 65 of this circular.

Notices convening the EGM and the H Shareholders' Class Meeting to be held at the conference room at 41/F., Tower B, Zhonghang Zijin Plaza, No. 1811 Huandao Road East, Siming District, Xiamen City, Fujian Province, the PRC on Monday, 20 July 2020 at 9 a.m. and 10:30 a.m., respectively, were set out on pages 228 to 236 of this circular.

The reply slips and proxy forms for H Shareholders for use at the said meetings are enclosed herewith. H Shareholders who intend to attend the respective meetings shall complete and return the reply slip(s) in accordance with the instructions printed on or before Wednesday, 15 July 2020.

Whether or not you are able to attend the respective meetings, please complete the applicable proxy form(s) in accordance with the instructions printed thereon. The applicable proxy form(s) shall be lodged with the registrar of H Shares of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the relevant meeting(s) or any adjournment thereof (as the case may be). Completion and return of the applicable proxy form(s) will not prevent you from attending and voting in person at the relevant meeting(s) or any adjournment thereof should you so wish.

\* The English name of the Company is for identification purpose only

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## DEFINITIONS

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*In this circular, the following expressions have the following meanings unless the context requires otherwise:*

“A Share(s)”	the domestic share(s) issued by the Company to domestic investors with a nominal value of RMB0.10 each, which are listed on the Shanghai Stock Exchange;
“A Share Convertible Corporate Bonds”	the A Share convertible corporate bonds of the Company proposed to be issued under the Public Issuance;
“A Shareholder(s)”	holder(s) of A Share(s);
“A Shareholders’ Class Meeting”	the second A Shareholders’ class meeting in 2020 to be held at the conference room at 41/F., Tower B, Zhonghang Zijin Plaza, No. 1811 Huandao Road East, Siming District, Xiamen City, Fujian Province, the PRC on Monday, 20 July 2020 at 10 a.m.;
“Administrative Measures”	Administrative Measures for the Issuance of Securities by Listed Companies issued by the CSRC;
“Articles of Association”	the articles of association of the Company, as amended, modified or otherwise supplemented from time to time;
“Associate(s)”	has the meaning ascribed thereto under the Listing Rules;
“Board” or “Board of Directors”	the board of Directors of the Company;
“Bondholder(s)”	holder(s) of the A Share Convertible Corporate Bonds;
“Class Meetings”	the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting;
“Company” or “Zijin Mining”	Zijin Mining Group Co., Ltd.* (紫金礦業集團股份有限公司), a joint stock limited company incorporated in the PRC with limited liability;
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules;
“Connected Transaction(s)”	has the meaning ascribed thereto under the Listing Rules;
“CSRC”	China Securities Regulatory Commission;
“Director(s)”	the director(s) of the Company;

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## DEFINITIONS

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“DR Congo”	the Democratic Republic of the Congo;
“EGM”	the second extraordinary general meeting in 2020 to be held at the conference room at 41/F., Tower B, Zhonghang Zijin Plaza, No. 1811 Huandao Road East, Siming District, Xiamen City, Fujian Province, the PRC on Monday, 20 July 2020 at 9 a.m.;
“Employee Stock Ownership Scheme”	Phase 1 of the Employee Stock Ownership Scheme of Zijin Mining Group Co., Ltd.*;
“Group”	the Company and its subsidiaries;
“H Share(s)”	the overseas-listed foreign invested share(s) in the Company’s share capital, with a nominal value of RMB0.10 each, which are listed on the Hong Kong Stock Exchange;
“H Shareholder(s)”	holder(s) of H Share(s);
“H Shareholders’ Class Meeting”	the second H Shareholders’ class meeting in 2020 to be held at the conference room at 41/F., Tower B, Zhonghang Zijin Plaza, No. 1811 Huandao Road East, Siming District, Xiamen City, Fujian Province, the PRC on Monday, 20 July 2020 at 10:30 a.m.;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Independent Board Committee”	the independent board committee of the Company comprising all independent non-executive Directors established to advise the Independent Shareholders in relation to the Subscriptions;
“Independent Financial Adviser”	Messis Capital Limited, a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions;

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## DEFINITIONS

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“Independent Shareholder(s)”	any Shareholder(s) of the Company that is not required to abstain from voting at the EGM to approve the Subscriptions and the related matters;
“Latest Practicable Date”	26 June 2020, being the latest practicable date prior to the issuance of this circular for ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited;
“Minxi Xinghang”	Minxi Xinghang State-owned Assets Investment Company Limited, a state-owned limited company incorporated in the PRC. It is the Substantial Shareholder of the Company currently holding approximately 23.97% of the number of total issued Shares;
“PRC”	The People’s Republic of China but for the purpose of this circular, excludes Hong Kong SAR, Macau SAR and Taiwan;
“Public Issuance of A Share Convertible Corporate Bonds”, “Public Issuance” or “Issuance”	the proposal of the Company to apply to the CSRC for public issuance of A Share Convertible Corporate Bonds to non-specific investors in the PRC with a total amount not exceeding RMB6 billion (RMB6 billion inclusive);
“Relevant Director(s)”	the Director(s) holding interest in the A Shares of the Company as at the Latest Practicable Date, namely Chen Jinghe, Lan Fusheng, Zou Laichang, Lin Hongfu, Lin Hongying and Xie Xionghui;
“Relevant Director(s) and Supervisor(s)”	the Relevant Director(s) and the Relevant Supervisor(s);
“Relevant Supervisor(s)”	the Supervisor(s) holding interest in the A Shares of the Company as at the Latest Practicable Date, namely Lin Shuiqing, Liu Wenhong and Cao Sanxing;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong);
“Shanghai Stock Exchange”	Shanghai Stock Exchange of the PRC;

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## DEFINITIONS

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“Share(s)”	ordinary share(s) with a nominal value of RMB0.10 each in the share capital of the Company including A Share(s) and H Share(s);
“Shareholder(s)”	the shareholder(s) of the Company including A Shareholder(s) and H Shareholder(s);
“Shareholders’ General Meetings”	the EGM and the Class Meetings;
“Subscriptions”	the possible Connected Transactions of subscriptions of A Share Convertible Corporate Bonds under the proposed Public Issuance of A Share Convertible Corporate Bonds by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme;
“Substantial Shareholder”	has the meaning ascribed thereto under the Listing Rules;
“Supervisor(s)”	the supervisor(s) of the Company;
“%”	per cent.

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## LETTER FROM THE BOARD

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**Zijin Mining Group Co., Ltd.\***

**紫金礦業集團股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 2899)**

*Executive Directors:*

Chen Jinghe (Chairman)  
Lan Fusheng (Vice-chairman)  
Zou Laichang (President)  
Lin Hongfu  
Lin Hongying  
Xie Xionghui

*Non-executive Director:*

Li Jian

*Independent non-executive Directors:*

Zhu Guang  
Mao Jingwen  
Li Changqing  
He Fulong  
Suen Man Tak

*Registered office and principal  
place of business in the PRC:*

No. 1 Zijin Road  
Shanghang County  
Fujian Province  
The PRC

*Place of business in Hong Kong:*

Unit 7503A, Level 75  
International Commerce Centre  
1 Austin Road West  
Kowloon, Hong Kong

4 July 2020

*To the Shareholders*

Dear Sir/Madam,

- (1) PROPOSED PUBLIC ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS;**
- (2) POSSIBLE CONNECTED TRANSACTION – SUBSCRIPTION OF A SHARE CONVERTIBLE CORPORATE BONDS BY MINXI XINGHANG;**
- (3) POSSIBLE CONNECTED TRANSACTION – SUBSCRIPTION OF A SHARE CONVERTIBLE CORPORATE BONDS BY THE RELEVANT DIRECTORS AND SUPERVISORS AND/OR THE RELEVANT DIRECTORS UNDER THE EMPLOYEE STOCK OWNERSHIP SCHEME**

### **1. INTRODUCTION**

Reference is made to the announcement of the Company dated 12 June 2020 in relation to proposed Public Issuance of A Share Convertible Corporate Bonds and possible Connected Transactions of Subscriptions of A Share Convertible Corporate Bonds by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme.



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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with information in relation to (i) the proposed Public Issuance of A Share Convertible Corporate Bonds; and (ii) the possible Connected Transactions of Subscriptions of A Share Convertible Corporate Bonds by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme, which are among the proposals to be proposed at the EGM, and proposed Public Issuance of A Share Convertible Corporate Bonds is also among the proposals to be proposed at the A Shareholders' Class Meeting and the H Shareholders' Class Meeting, and to set out the letter from the Independent Financial Adviser to the Independent Shareholders and the recommendation of the Independent Board Committee as advised by the Independent Financial Adviser and other information relevant to the proposals to be tabled at the EGM, the A Shareholders' Class Meeting (where applicable) and the H Shareholders' Class Meeting (where applicable) as required under the Listing Rules, in order to enable you to make an informed decision on whether to vote for or against the proposals at the EGM, the A Shareholders' Class Meeting (where applicable) and the H Shareholders' Class Meeting (where applicable).

### **2. PROPOSED PUBLIC ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS**

The Company proposed to apply to the CSRC for public issuance of A Share Convertible Corporate Bonds to non-specific investors in the PRC with a total amount not exceeding RMB6 billion (RMB6 billion inclusive). The proposed Public Issuance of A Share Convertible Corporate Bonds will be subject to the approvals of the Shareholders at the EGM and the Class Meetings and the approvals of the CSRC.

#### **Summary of the proposal on the Public Issuance of A Share Convertible Corporate Bonds**

##### **(1) Type of securities to be issued**

The type of the securities to be issued is convertible corporate bonds which can be converted into A Shares of the Company. The A Share Convertible Corporate Bonds and A Shares to be converted in the future of the Company will be listed on the Shanghai Stock Exchange.

##### **(2) Size of the Issuance**

In accordance with relevant laws and regulations and with reference to the financial condition and investment plan of the Company, the total amount of the A Share Convertible Corporate Bonds proposed to be publicly issued will not exceed RMB6 billion (RMB6 billion inclusive). The actual size of the Issuance shall be determined by the Board or its authorised persons within the above range, subject to the authorisation by the Shareholders at the Shareholders' General Meetings of the Company.

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## LETTER FROM THE BOARD

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### **(3) Par value and issue price**

The A Share Convertible Corporate Bonds under the Issuance will be issued at par with a nominal value of RMB100 each.

### **(4) Term of the A Share Convertible Corporate Bonds**

The term of the A Share Convertible Corporate Bonds under the Issuance will be five years from the date of the Issuance.

### **(5) Coupon rate of the A Share Convertible Corporate Bonds**

It is proposed that the Shareholders to authorise the Board or its authorised persons at the Shareholders' General Meetings to determine the method for determination of coupon rate of the A Share Convertible Corporate Bonds and the final interest rate for the interest accrual year upon negotiation with the sponsor (the lead underwriter) in accordance with national policies, market conditions and the actual conditions of the Company, prior to the Issuance.

### **(6) Timing and method of repayment of principal and interest payment**

The A Share Convertible Corporate Bonds under the Issuance adopts the payment method that interest shall be paid on an annual basis. When the A Share Convertible Corporate Bonds mature, the principal shall be repaid and the interest for the last year shall be paid.

#### **1. Calculation of annual interest**

Annual interest means the interest accrued to a Bondholder in each year on each anniversary of the date of Issuance of the A Share Convertible Corporate Bonds which is calculated based on the aggregate nominal value of the A Share Convertible Corporate Bonds held by him/her.

The formula for calculating the annual interest is:  $I = B \times i$

In which, I denotes the annual interest;

B denotes the aggregate nominal value of the A Share Convertible Corporate Bonds under the Issuance held by a Bondholder as at the record date for interest payment in an interest accrual year ("that year" or "each year");

i denotes the coupon rate of the A Share Convertible Corporate Bonds under the Issuance of that year.

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## LETTER FROM THE BOARD

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### 2. Method of repayment of principal and interest payment

- (1) Interest of the A Share Convertible Corporate Bonds under the Issuance shall be paid annually, accruing from the date of the Issuance of the A Share Convertible Corporate Bonds.
- (2) Interest payment date: the interest is payable annually on each anniversary of the date of Issuance of the A Share Convertible Corporate Bonds. If such date falls on a statutory holiday or rest day, the interest payment date shall be postponed to the first trading day immediately thereafter, provided that no additional interest will be accrued during the period of postponement. The period between an interest payment date and the immediately following interest payment date shall be an interest accrual year. Matters in relation to interest and the ownership of share dividend in the year of conversion shall be determined by the Board or its authorised persons according to relevant laws, regulations and provisions of the Shanghai Stock Exchange.
- (3) Record date for interest payment: the record date for interest payment in each year shall be the last trading day preceding the interest payment date. The Company shall pay the interest accrued in that year within five trading days from the interest payment date. The Company shall not pay any interest for that year and subsequent interest accrual years to the Bondholders whose A Share Convertible Corporate Bonds have been applied to be converted into A Shares on or before the record date for interest payment.
- (4) Within five trading days from the maturity date of the A Share Convertible Corporate Bonds under the Issuance, the Company shall repay all the principal and interest for the last year of the unconverted A Share Convertible Corporate Bonds in maturity.
- (5) Tax payable on the interest income of a Bondholder under the Issuance shall be borne by such Bondholder.

### (7) Conversion period

The conversion period of the A Share Convertible Corporate Bonds shall commence on the first trading day immediately following the expiry of the six-month period after the date of the Issuance of the A Share Convertible Corporate Bonds, and end on the maturity date of the A Share Convertible Corporate Bonds.

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## LETTER FROM THE BOARD

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### (8) Determination and adjustment of the conversion price

#### 1. Basis for determining the initial conversion price

Pursuant to the stipulations in the Administrative Measures, the initial conversion price of the A Share Convertible Corporate Bonds under the Issuance shall not be lower than average trading price of A Shares for the 20 trading days preceding the date of publication of the offering document (in the event that the A Share price was adjusted due to ex-right and ex-dividend in the preceding 20 trading days, the average trading price of A Shares on the trading days prior to the adjustment shall be calculated based on the price after such ex-right and ex-dividend) and the average trading price of the preceding trading day. That is, initial conversion price shall not be lower than the higher of the average trading price of A Shares for the 20 trading days preceding the date of publication of the offering document and the average trading price of the preceding trading day. The actual initial conversion price shall be determined by the Board or its authorised persons upon negotiation with the sponsor (the lead underwriter) prior to the Issuance in accordance with the market conditions, which is subject to the authorisation by the Shareholders at the Shareholders' General Meetings.

In which, the average trading price of A Shares for the preceding 20 trading days = total trading amount of A Shares for the preceding 20 trading days/total trading volume of A Shares for such 20 trading days; the average trading price of A Shares for the preceding trading day = total trading amount of A Shares for the preceding trading day/total trading volume of A Shares for such trading day.

#### 2. Method of adjustments and calculation formula to the conversion price

The conversion price is subject to adjustment upon the Issuance in case of certain events which affect the share capital of the Company, such as distribution of share dividends, conversion or increase of share capital, issuance of new shares or rights issue, distribution of cash dividends (excluding any increase in the share capital as a result of conversion of the A Share Convertible Corporate Bonds). The Company shall accumulatively adjust the conversion price based on order of occurrence of the abovementioned scenarios (rounded off to two decimal places). The details of the adjustment are as follows:

Distribution of share dividends or conversion or increase of share capital:  $P_1 = P_0 / (1 + n)$ ;

Issuance of new shares or rights issue:  $P_1 = (P_0 + A \times k) / (1 + k)$ ;

The above two events occurring concurrently:  $P_1 = (P_0 + A \times k) / (1 + n + k)$ ;

Distribution of cash dividends:  $P_1 = P_0 - D$ ;

The above three events occurring concurrently:  $P_1 = (P_0 - D + A \times k) / (1 + n + k)$ .

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## LETTER FROM THE BOARD

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Where: “ $P_0$ ” denotes the conversion price before adjustment; “ $n$ ” denotes the rate of distribution of share dividends or conversion or increase of share capital this time; “ $k$ ” denotes the rate of issuance of new shares or rights issue this time; “ $A$ ” denotes the price of issuance of new shares or rights issue this time; “ $D$ ” denotes the cash dividend per Share this time; “ $P_1$ ” denotes the adjusted effective conversion price.

Upon occurrence of any of the abovementioned changes in shares and/or Shareholder’s interests, the Company shall adjust the conversion price based on order of occurrence, and publish an announcement in relation to the adjustment of the conversion price on the media designated by the CSRC for information disclosure of listed companies. Such announcement shall indicate the date of adjustment to the conversion price, adjustment method and suspension period of share conversion (if necessary). If the conversion price adjustment date is on or after the date on which a Bondholder applies for conversion of his/her A Share Convertible Corporate Bonds but before the registration date of the A Shares to be issued upon conversion, then such conversion shall be executed based on the conversion price adjusted by the Company.

In the event that the creditor’s interests or the interests derived from the share conversion of the Bondholders are affected by the change in the Company’s share class, quantity and/or Shareholders’ interests due to any possible share repurchase, consolidation, division or any other circumstances, the Company shall adjust the conversion price based on the actual situations and in accordance with the principles of fairness, justice and equality so as to fully protect the interests of the Bondholders. The details of adjustment to conversion price and its implementation measures shall be determined in accordance with then relevant PRC laws, regulations, rules and the relevant requirements of the securities regulatory authorities.

### **(9) Terms of downward adjustment to conversion price**

#### **1. Authorisation and magnitude of adjustment**

If, during the term of the A Share Convertible Corporate Bonds, the closing prices of A Shares of the Company on at least 15 trading days out of any 30 consecutive trading days are lower than 85% of the prevailing conversion price, the Board is entitled to propose a downward adjustment to the conversion price and submit it to the Shareholders at the Shareholders’ General Meetings for their consideration and approval.

The abovementioned proposal is subject to approvals of more than two-thirds of the Shareholders with voting rights who attend the Shareholders’ General Meetings. Shareholders who hold the A Share Convertible Corporate Bonds shall abstain from voting at the Shareholders’ General Meetings. The adjusted conversion price shall be no less than the higher of the average trading price of the A Shares of the Company for 20 trading days preceding the date of such Shareholders’ General Meetings for consideration and approval of the aforementioned proposals and the average trading price of the A Shares on the trading day preceding the date of such meetings. At the same time, the adjusted conversion price shall not be lower than the latest audited net asset value per Share and face value of Share of the Company.

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## LETTER FROM THE BOARD

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In the event that there is an adjustment to the conversion price during the aforementioned 30 consecutive trading days, in respect of the trading days prior to the adjustment to the conversion price, the calculation shall be based on the unadjusted conversion price and the closing price of the A Shares on each such day, and in respect of the days on which adjustment to the conversion price is made and the trading days afterwards, the calculation shall be based on the adjusted conversion price and the closing price of the A Shares on each such day.

### 2. Procedures of adjustment

In the event that the Company decides to adjust the conversion price downwards, the Company shall publish an announcement on media designated by the CSRC for information disclosure of listed companies. Such announcement shall disclose information including the magnitude of the adjustment, the registration date of shares, the suspension period of share conversion and other relevant information. Application for conversion at adjusted conversion price shall be resumed upon the first trading day after the registration date, i.e. the conversion price adjustment date. If the conversion price adjustment date is on or after the date on which a Bondholder applies for conversion of his/her A Share Convertible Corporate Bonds but before the registration date of the A Shares to be issued upon conversion, then such conversion shall be executed based on the adjusted conversion price.

### **(10) Method for determining the number of A Shares for conversion and treatment for remaining balance of the A Share Convertible Corporate Bonds which is insufficient to be converted into one A Share**

Where a Bondholder applies to convert his/her A Share Convertible Corporate Bonds under the Issuance during the conversion period, the formula for calculating the number of A Shares to be issued upon conversion is as below:  $Q = V/P$ , any fractional A Share shall be rounded down to the nearest whole number.

In which, “Q” denotes the number of A Shares to be converted in the application; “V” denotes the aggregate nominal value of A Share Convertible Corporate Bonds in respect of which the Bondholder applies for conversion, and “P” denotes the prevailing conversion price as at the date of application for conversion.

The number of A Shares to be converted shall be in whole number where the Bondholder applied for converting his/her A Share Convertible Corporate Bonds under the Issuance. After the application of conversion by the Bondholder, within five trading days from the date of conversion by the Bondholder, the Company shall pay the Bondholder in cash an amount equal to the remaining balance of such A Share Convertible Corporate Bonds which is insufficient to be converted into one A Share and the interest accrued on such balance in accordance with the relevant requirements of the Shanghai Stock Exchange, China Securities Depository and Clearing Corporation Limited and such other authorities.

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## LETTER FROM THE BOARD

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### (11) Terms of redemption

#### 1. Terms of redemption upon maturity

Within five trading days upon the maturity of the A Share Convertible Corporate Bonds, the Company shall redeem all the A Share Convertible Corporate Bonds which have not been converted into A Shares by then. It is proposed to the Shareholders' General Meetings to authorise the Board or its authorised persons to determine the actual redemption price upon negotiation with the sponsor (the lead underwriter) with reference to the market conditions upon the Issuance.

#### 2. Terms of conditional redemption

During the conversion period of A Share Convertible Corporate Bonds, where either of the two scenarios mentioned below occurs, the Company shall have the right to redeem all or part of the outstanding A Share Convertible Corporate Bonds, at a price equal to the nominal value of A Share Convertible Corporate Bonds plus then accrued interest.

- (1) The closing prices of A Shares during at least 15 trading days out of any 30 consecutive trading days during the conversion period are no less than 130% (130% inclusive) of the prevailing conversion price;
- (2) The total par value of the outstanding A Share Convertible Corporate Bonds is lower than RMB30 million.

Formula for calculating the accrued interest for the current period is:  $IA = B \times i \times t/365$

In which, IA denotes the accrued interest for the current period;

B denotes the aggregate nominal value of the A Share Convertible Corporate Bonds to be redeemed held by Bondholders;

i denotes the coupon rate of the A Share Convertible Corporate Bonds for the current year;

t denotes the number of days on which interest is accrued, i.e. the actual number of calendar days from the last interest payment date (inclusive) up to the redemption date of the current interest accrual year (excluding the redemption date).

In the event that an adjustment to the conversion price by the Company is made during the aforementioned 30 consecutive trading days, in respect of the trading days prior to the conversion price adjustment date, the calculation shall be based on the unadjusted conversion price and the closing price of the A Shares on each such day, and in respect of the conversion price adjustment date and the trading days after the conversion price adjustment date, the calculation shall be based on the adjusted conversion price and the closing price of the A Shares on each such day.

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## LETTER FROM THE BOARD

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### (12) Terms of sale back

#### 1. Terms of conditional sale back

During the last two interest accrual years within the term of the A Share Convertible Corporate Bonds under the Issuance, if the closing prices of the A Shares of the Company on any 30 consecutive trading days are lower than 70% of the prevailing conversion price, the Bondholders are entitled to sell back all or part of the A Share Convertible Corporate Bonds they hold to the Company at par plus the then accrued interest. In the event that an adjustment to the conversion price by the Company is made due to distribution of share dividends, conversion or increase of share capital, issuance of new shares or rights issue, distribution of cash dividends (excluding any increase in the share capital as a result of conversion of the A Share Convertible Corporate Bonds) during the aforementioned trading days, in respect of the trading days prior to the conversion price adjustment date, the calculation shall be based on the unadjusted conversion price and the closing price of the A Shares on each such day, and in respect of the conversion price adjustment date and the trading days after the conversion price adjustment date, the calculation shall be based on the adjusted conversion price and the closing price of the A Shares on each such day. In the event that there is a downward adjustment to the conversion price, the aforesaid “30 consecutive trading days” shall be re-counted from the first trading day following the adjustment to the conversion price.

The Bondholders can exercise their sale back rights once every year when the sale back conditions are initially satisfied according to the abovementioned agreed terms in the last two interest accrual years within the term of the A Share Convertible Corporate Bonds. If the sale back conditions are initially satisfied, but the Bondholders do not apply for and exercise their sale back rights during the sale back declaration period then announced by the Company, they shall not exercise the sale back rights during such interest accrual years. The Bondholders are not allowed to exercise part of their sale back rights for multiple times.

#### 2. Additional terms of sale back

If the actual use of the proceeds raised from A Share Convertible Corporate Bonds significantly differs from the undertakings of the use of proceeds set out by the Company in the offering document, and such change is deemed as a deviation in the use of proceeds pursuant to relevant rules of the CSRC or is considered by the CSRC as a deviation in the use of proceeds, the Bondholders shall be entitled to a one-off right to sell all or part of the A Share Convertible Corporate Bonds back to the Company at par plus then accrued interest. Upon the satisfaction of the additional condition of sale back, the Bondholders may sell their A Share Convertible Corporate Bonds back to the Company during the additional sale back declaration period after it is announced by the Company. If the Bondholders do not exercise their sale back rights during such period, they shall not exercise such rights later. For the calculation of accrued interest for the current period, please refer to relevant content of (11) Terms of redemption.



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## LETTER FROM THE BOARD

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### **(13) Entitlement to dividend in the year of conversion**

The new A Shares to be issued as a result of the conversion of A Share Convertible Corporate Bonds shall rank pari passu with all the existing A Shares, and all ordinary A Shareholders (including those derived from the conversion of the A Share Convertible Corporate Bonds) whose names are recorded on the register of members of the Company after the market closes on the record date for dividend distribution shall be entitled to receive the dividend of that period and enjoy equal rights and interests.

### **(14) Method of the Issuance and target subscribers**

The specific method of the Issuance of the A Share Convertible Corporate Bonds shall be determined by the Board or its authorised persons upon negotiation with the sponsor (the lead underwriter) of the Issuance, which is subject to authorisation by the Shareholders at the Shareholders' General Meetings.

The target subscribers of the A Share Convertible Corporate Bonds are natural persons, legal persons, securities investment funds and other investors in compliance with legal requirements who have maintained securities accounts in the China Securities Depository and Clearing Corporation Limited Shanghai Branch (excluding those prohibited by the PRC laws and regulations).

### **(15) Subscription arrangement for the existing A Shareholders**

The existing A Shareholders are entitled to the right to subscribe for the A Share Convertible Corporate Bonds in priority. The existing A Shareholders have the right to surrender such rights. The proportion of subscription in priority by the existing A Shareholders shall be determined by the Board or its authorised persons in accordance with the conditions upon the Issuance, subject to the authorisation by the Shareholders at the Shareholders' General Meetings, and shall be disclosed in the issuance announcements of the A Share Convertible Corporate Bonds.

The A Share Convertible Corporate Bonds which are not subject to the abovementioned priority in subscription by existing A Shareholders and are not subscribed by the existing A Shareholders in priority will be offered to institution investors offline or issued by way of online pricing through the trading system of the Shanghai Stock Exchange, and the remaining balance will be underwritten by the underwriters. Details of the issuance method shall be determined by the Board or its authorised persons and the sponsor (the lead underwriter) of the Issuance, which is subject to authorisation by the Shareholders at the Shareholders' General Meetings.

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## LETTER FROM THE BOARD

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### **(16) Relevant matters of Bondholders' meetings**

A Share Convertible Corporate Bondholders' meetings ("Bondholders' meetings") shall be convened by the Board. The Board shall convene a Bondholders' meeting within 30 days of receiving the proposal to convene the Bondholders' meeting. The notice of the meeting shall be issued 15 days before convening the meeting to all Bondholders and concerned parties to participate in the meeting, and shall be announced on media designated by the Company for information disclosure. The notice of the meeting shall indicate the specific time, venue, agenda, way of convening the meeting and other information. The abovementioned matters shall be determined by the Board.

A Bondholders' meeting shall be convened by the Board upon the occurrence of any of the following events during the term of the A Share Convertible Corporate Bonds:

1. the Company proposes to change the terms of the offering document of the A Share Convertible Corporate Bonds;
2. the Company is unable to pay the principal and interest of the A Share Convertible Corporate Bonds for the current period on time;
3. the Company proposes to amend the Rules for A Share Convertible Corporate Bondholders' Meetings;
4. the Company undertakes a capital reduction (except for capital reduction due to the capital reduction under share incentive scheme), consolidation, division, dissolution or files for bankruptcy;
5. material change occurs to guarantor (if any) or collateral (if any);
6. the Company's management is unable to execute the responsibility as usual, which leads to severe uncertainties in the solvency capability of the Company, and actions are required to be taken according to laws;
7. the Company proposes a debt restructuring plan;
8. issues that will generate material and substantial impact on the interests of the Bondholders occur; and
9. other matters which shall be considered and approved at a Bondholders' meeting, according to provisions of law, regulations, rules, regulatory documents, the CSRC, the Shanghai Stock Exchange and the Rules for A Share Convertible Corporate Bondholders' Meetings.

## LETTER FROM THE BOARD

The Bondholders holding over 10% of the outstanding A Share Convertible Corporate Bonds separately or in aggregate, the Board or other entities or persons prescribed by laws, regulations and the CSRC can propose to convene a Bondholders' meeting in a written form.

The Company shall provide the method to protect the interests of the Bondholders, rights, procedures and conditions to effectuate the resolutions of the Bondholders' meetings in the offering document of the Issuance.

### (17) Use of proceeds

The total amount of proceeds proposed to be raised from the proposed Public Issuance of A Share Convertible Corporate Bonds will not exceed RMB6 billion (RMB6 billion inclusive), which is proposed to be used for the following projects after deduction of issuance expenses:

Unit: RMB billion

Project name	Total project investment	Amount of proceeds raised to be invested
The Kamoa-Kakula Copper Mine project of Kamoa Holding Limited in the DR Congo (the "Kakula Project")	5.1635074	3.14
Mining and processing project in the Upper Zone of the Timok Copper and Gold Mine of Rakita Exploration d.o.o. Bor in Serbia (the "Timok Project")	3.3619773	2.18
Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd. (the "Tongshan Project")	0.9475115	0.68
<b>Total</b>	<b>9.4729962</b>	<b>6</b>

Notes:

1. The total investment in the Kakula Project and Timok Project is calculated based on the middle rate of foreign exchange rate quotation of USD1:RMB7.0865 of China Foreign Exchange Trade System on 12 June 2020.
2. The total investment in the Kakula Project is calculated based on the shareholding percentage of 49.50% held by the Company.

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## LETTER FROM THE BOARD

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After the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the Company will invest the proceeds in the abovementioned projects in accordance with the actual need and priority of the projects. If the total investment of the projects exceeds the use of the proceeds raised, the amount of difference shall be self-financed by the Company. If the actual net amount of proceeds raised from the total proceeds raised under the Issuance after deduction of issuance expenses is less than the actual amount of funds required for the investment projects, the Company will make up the shortfall by self-financing.

Before the proceeds raised in the Issuance are deposited in the account, the Company will invest in the projects by self-financing first. And after the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the fund that have been invested in the projects shall be replaced according to relevant laws, regulations and procedures.

### **(18) Rating**

A credit rating agency will issue a credit rating report in respect of the Issuance of A Share Convertible Corporate Bonds.

### **(19) Management and deposit for proceeds raised**

The Company has formulated relevant rules for managing the proceeds raised. The proceeds raised from the Issuance of A Share Convertible Corporate Bonds shall be kept in special accounts for the management of special deposit. The Board shall determine relevant matters in relation to the establishment of the accounts before the Issuance, and shall disclose the relevant information of the special accounts for the proceeds raised in the issuance announcement of the A Share Convertible Corporate Bonds under the Issuance.

### **(20) Guarantee and security**

As the latest audited net assets of the Company is not less than RMB1.5 billion, according to provision 20 in the Administrative Measures, no guarantee or security is required in relation to the A Share Convertible Corporate Bonds under the Issuance of the Company.

### **(21) Validity period of the resolution of the Issuance**

Validity period of the resolution of the Issuance will be twelve months from the date on which the proposal of the Issuance is considered and approved at the Shareholders' General Meetings of the Company.

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## LETTER FROM THE BOARD

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### **Approval procedures of the Issuance**

The Public Issuance of A Share Convertible Corporate Bonds was considered and approved at the twelfth extraordinary meeting in 2020 of the seventh term of the Board held on 12 June 2020. Pursuant to the stipulations in the relevant laws and regulations, implementation of the proposed Public Issuance of A Share Convertible Corporate Bonds will be subject to the consideration and approvals at the Shareholders' General Meetings and the approvals of the CSRC.

### **3. POSSIBLE CONNECTED TRANSACTIONS OF SUBSCRIPTIONS OF A SHARE CONVERTIBLE CORPORATE BONDS BY MINXI XINGHANG, THE RELEVANT DIRECTORS AND SUPERVISORS AND/OR THE RELEVANT DIRECTORS UNDER THE EMPLOYEE STOCK OWNERSHIP SCHEME**

#### **Possible subscription of A Share Convertible Corporate Bonds by Minxi Xinghang**

As at the Latest Practicable Date, Minxi Xinghang holds 6,083,517,704 A Shares and shall have the right to subscribe for the A Share Convertible Corporate Bonds in priority and the right to surrender such right of subscription. Minxi Xinghang may subscribe for A Share Convertible Corporate Bonds with a maximum subscription amount of RMB1,858,478,100.

Minxi Xinghang, the Substantial Shareholder of the Company, intends to subscribe for the A Share Convertible Corporate Bonds.

#### **Possible subscriptions of A Share Convertible Corporate Bonds by the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme**

As at the Latest Practicable Date, the Relevant Directors and Supervisors directly hold 123,208,948 A Shares in aggregate and the Relevant Directors indirectly hold 17,086,816 A Shares in aggregate through their interests in the Employee Stock Ownership Scheme. Each of the Relevant Directors shall have the right to subscribe directly and/or through the Employee Stock Ownership Scheme and the Relevant Supervisors shall have the right to subscribe directly for the A Share Convertible Corporate Bonds in priority, and the right to surrender such right of subscription.

The Relevant Directors and Supervisors may directly subscribe for A Share Convertible Corporate Bonds with a maximum subscription amount of RMB37,639,200 based on their shareholding proportion of A Shares. The Relevant Directors may also subscribe through the Employee Stock Ownership Scheme for A Share Convertible Corporate Bonds with a maximum subscription amount of RMB5,219,600.

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## LETTER FROM THE BOARD

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The terms of the possible subscriptions for A Share Convertible Corporate Bonds by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme are the same as the terms and conditions which are set out in the proposal on the Public Issuance of A Share Convertible Corporate Bonds.

**The proposal in relation to the possible Connected Transactions of Subscriptions of A Share Convertible Corporate Bonds under the Public Issuance by the Substantial Shareholder, Directors and Supervisors and/or the Directors under the Employee Stock Ownership Scheme**

According to the terms of the Issuance and subject to the approval of the CSRC, the A Share Convertible Corporate Bonds proposed to be issued will be firstly offered at a certain portion to all the A Shareholders whose names appeared on the share register on the record date after closing of the stock market. The specific proportion of the offer will be determined based on market situation and negotiations between the Board or its authorised persons and the sponsor (the lead underwriter) under the authorisation of the EGM and the Class Meetings. Unsubscribed portion will be allotted and issued to other potential investors with indicated interest.

Based on the abovementioned, Minxi Xinghang (the Substantial Shareholder of the Company), the Relevant Directors and Supervisors and the Company's senior management holding the A Shares of the Company and the Employee Stock Ownership Scheme can decide on whether to subscribe for the A Share Convertible Corporate Bonds to be placed on pro-rata basis based on their shareholding proportion by exercising the right at their sole discretion.

Pursuant to the regulations of Implementation Guidelines on Connected Transactions of Listed Companies of the Shanghai Stock Exchange, if the abovementioned connected persons subscribe for the A Share Convertible Corporate Bonds to be issued under the Issuance, the transactions are exempted from the approval and disclosure requirements required for connected transactions. Pursuant to the Listing Rules, Minxi Xinghang and the Relevant Directors and Supervisors are the Connected Persons of the Company. If Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme subscribe for the A Share Convertible Corporate Bonds to be issued under the Issuance, the Subscriptions will constitute the Connected Transactions of the Company and are subject to the relevant reporting, announcement, circular and Independent Shareholders' approval requirements.

## LETTER FROM THE BOARD

Assuming that 100% of the A Share Convertible Corporate Bonds will be firstly offered and issued to the existing A Shareholders under the Issuance, and Minxi Xinghang, the Relevant Directors and Supervisors and/or the Directors through the Employee Stock Ownership Scheme will exercise the right to subscribe in full, based on the shareholding proportion of the abovementioned parties on the convention date of the Board meeting (i.e. 12 June 2020) and the maximum amount of the A Share Convertible Corporate Bonds of RMB6 billion to be issued by the Company, the maximum amount of the A Share Convertible Corporate Bonds to be subscribed by the abovementioned parties are as follows:

Substantial Shareholder/ Directors/ Supervisors	Approximate percentage of the number of A Shares directly held to the number of total issued A Shares	Maximum amount of A Share Convertible Corporate Bonds to be subscribed based on the proportion of A Shares indirectly held under the Employee Stock Ownership Scheme to the number of total issued A Shares	Approximate percentage of A Shares indirectly held under the Employee Stock Ownership Scheme to the number of total issued A Shares	Maximum amount of A Share Convertible Corporate Bonds to be subscribed based on the proportion of A Shares indirectly held under the Employee Stock Ownership Scheme	Total maximum subscription amount of A Share Convertible Corporate Bonds to be subscribed (RMB) (Note)
Minxi Xinghang	30.97%	1,858,478,100	/	/	1,858,478,100
Chen Jinghe	0.57%	34,230,600	0.0509%	3,054,900	37,285,500
Lan Fusheng	0.04%	2,361,600	0.0102%	610,900	2,972,500
Zou Laichang	0.01%	495,800	0.0076%	457,700	953,500
Lin Hongfu	0.005%	299,000	0.0076%	456,700	755,700
Lin Hongying	0.0012%	69,300	0.0076%	457,700	527,000
Xie Xionghui	0.001%	45,500	0.0030%	181,700	227,200
Lin Shuiqing	0.002%	91,600	/	/	91,600
Liu Wenhong	0.0001%	8,000	/	/	8,000
Cao Sanxing	0.001%	37,800	/	/	37,800
In which, the total maximum subscription amount of A Share Convertible Corporate Bonds to be subscribed by the Directors and the Supervisors	/	37,639,200	/	5,219,600	42,858,800

Note: Assuming the participants of the Employee Stock Ownership Scheme have not disposed of their interests in the Employee Stock Ownership Scheme after the expiry date of lock-up period of the Employee Stock Ownership Scheme, i.e. 7 June 2020.

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## LETTER FROM THE BOARD

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Therefore, the Board proposed the Shareholders to approve at the EGM that if Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme decide to subscribe for the A Share Convertible Corporate Bonds to be issued under the Issuance after the required approvals are granted for the Issuance, the abovementioned parties will have the rights to participate in the Issuance to subscribe for the A Share Convertible Corporate Bonds pursuant to the proposal of the Issuance to be approved by the CSRC, subject to the abovementioned maximum subscription amount of the A Share Convertible Corporate Bonds.

This proposal refers to the matters in relation to the Subscriptions by the Connected Persons under the Issuance only. Consideration and approval of this proposal and whether the proposal will be implemented do not constitute a prerequisite of consideration and implementation of the overall proposal for the Issuance and other relevant proposals.

This proposal is subject to consideration at the EGM.

### **Implications under the Listing Rules**

Pursuant to Rule 19A.38 of the Listing Rules, the proposed Public Issuance of A Share Convertible Corporate Bonds is subject to the approvals of the Shareholders at the EGM and the Class Meetings.

As at the Latest Practicable Date, Minxi Xinghang holds 6,083,517,704 A Shares, representing approximately 23.97% of the number of total issued Shares. Minxi Xinghang is the Substantial Shareholder of the Company and a Connected Person of the Company. Under Chapter 14A of the Listing Rules, if Minxi Xinghang subscribes for A Share Convertible Corporate Bonds, it will constitute a Connected Transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As at the Latest Practicable Date, the Relevant Directors and Supervisors hold 123,208,948 A Shares in aggregate, representing approximately 0.49% of the number of total issued Shares. The Relevant Directors indirectly hold 17,086,816 A Shares in aggregate through their interests in the Employee Stock Ownership Scheme, representing approximately 0.07% of the number of total issued Shares. Under Chapter 14A of the Listing Rules, if each of the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme subscribe for A Share Convertible Corporate Bonds, it will constitute a Connected Transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

The Relevant Directors and Li Jian, a Director who is the chairman of Minxi Xinghang, were required to abstain from voting in the Board meeting in respect of the resolution to approve the Subscriptions. All remaining Directors who were entitled to vote, unanimously approved the above resolution. The format and procedure for passing the resolution were in compliance with the Company Law of the PRC and the Articles of Association. Save for the



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## LETTER FROM THE BOARD

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above, no other Directors are interested or deemed to have material interests in the above transactions. In addition, no Directors have abstained from voting on other Board resolutions at the abovementioned Board meeting.

An Independent Board Committee has been established by the Company to give recommendations to the Independent Shareholders in respect of the Subscriptions and the transactions contemplated thereunder. An Independent Financial Adviser has also been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Subscriptions are fair and reasonable, on normal commercial terms, in the ordinary and usual course of business of the Group so far as the Independent Shareholders are concerned and are in the interest of the Company and the Shareholders as a whole.

The Board expects that the Company will maintain sufficient public float to meet the applicable minimum requirement under the Listing Rules.

### **Reasons for and benefits of the Subscriptions**

The Subscriptions are beneficial to the smooth implementation of the Issuance and help promote the continuation of the Company's long-term strategy.

The independent non-executive Directors are of the view that based on the abovementioned arrangement, the Connected Persons of the Company (including Minxi Xinghang and the Relevant Directors and Supervisors) are subject to the same price and terms as those of other subscribers in their participation in the subscriptions for the A Share Convertible Corporate Bonds to be issued under the Issuance in cash within the scope of their right to subscribe in priority. They will not receive any preferential treatment, and the interests of the Company and other Shareholders will not be prejudiced.

### **Information of the Company**

The Company is principally engaged in mining, production, refining and sales of gold and other mineral resources.

### **Information of Minxi Xinghang**

Minxi Xinghang is a state-owned limited company incorporated in the PRC whose principal activities are operation and management of state-owned assets within the authorised scope and project investment. It is the Substantial Shareholder of the Company, currently holding approximately 23.97% equity interest in the Company.

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## LETTER FROM THE BOARD

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### **Information of the Relevant Directors and Supervisors**

The Relevant Directors and Supervisors are the Directors and the Supervisors of the Company respectively holding the A Shares of the Company as at the Latest Practicable Date and shall have the right to subscribe for the A Share Convertible Corporate Bonds to be issued under the Public Issuance in priority and the right to surrender such right of subscription. The Relevant Directors include Chen Jinghe, Lan Fusheng, Zou Laichang, Lin Hongfu, Lin Hongying and Xie Xionghui. The Relevant Supervisors include Lin Shuiqing, Liu Wenhong and Cao Sanxing.

### **Ancillary matters relating to the proposed Public Issuance of A Share Convertible Corporate Bonds and the Subscriptions**

#### ***Explanation of fulfilling the conditions for the Public Issuance***

Pursuant to provisions and requirements in Company Law of the PRC, Securities Law of the PRC, the Administrative Measures and other relevant laws, regulations and regulatory documents, the Board conducted self-checking of all qualifications, conditions and requirements of public issuance of convertible corporate bonds of listed companies item by item and considers that the Company meets the various stipulations and requirements of the relevant laws, regulations and regulatory documents of the PRC in respect of public issuance of convertible corporate bonds of listed companies and is qualified to publicly issue convertible corporate bonds.

#### ***Authorisation to be granted to the Board***

Subject to approvals of the Shareholders at the EGM and the Class Meetings, the Board shall be authorised to make such decisions, enter into such documents, amend the Articles of Association, carry out such procedures and take any other such actions as are in its discretion necessary to effect and complete the Public Issuance of A Share Convertible Corporate Bonds.

#### ***Reasons for and benefits of the Public Issuance of A Share Convertible Corporate Bonds***

The Company's main business is mineral resource prospecting and development. The proceeds raised from the Public Issuance shall be fully invested in the Company's main business, which is in line with the comprehensive strategic development and direction of the Company in the future. After completion of implementing the projects to be invested by the proceeds raised, the profitability of the Company's main business will be enhanced, and the capability in risk-aversion and sustainable development will be effectively improved. The Public Issuance benefits in expanding the asset and business scales of the Company, as well as optimising the financial structure. The construction and implementation of the projects to be invested by the proceeds raised can steadily increase the revenue and profitability of the Company.

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## LETTER FROM THE BOARD

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### ***Reasons for adopting the Public Issuance of A Share Convertible Corporate Bonds***

The Directors are of the view that debt financing may not be the most practicable financing plan for the Group to meet its capital needs, as financing through bank borrowing may involve lengthy negotiation with banks, and will incur significant interest expenses which would adversely affect the Group's profitability. On the other hand, upon full conversion of the A Share Convertible Corporate Bonds, the capital base of the Company will be enlarged and strengthened. In respect of equity financing by way of issuing new Shares, the Company has completed public issuance of A Shares on 15 November 2019. The Board has not considered equity financing by way of issuing new Shares this time to avoid further immediate dilution on the shareholding of the existing Shareholders within a relatively short period of time. On the contrary, fund raising by way of issuing the A Share Convertible Corporate Bonds will not have an immediate dilution impact on the shareholding of the existing Shareholders upon the completion of its issuance.

Having considered that (i) equity financing is more practicable than external debt financing; (ii) the issued H Share capital of the Company is lower than the issued A Share capital of the Company; and (iii) the greater immediate dilution effect to the shareholding of the existing Shareholders if the Company conducts a fund raising exercise by issuance of new Shares in Hong Kong, the Directors considered that it is in the interests of the Company and the Shareholders as a whole to raise funds by the Public Issuance of A Share Convertible Corporate Bonds (including the Subscriptions).

### ***Basis of determination of coupon rate of the A Share Convertible Corporate Bonds***

In determining the coupon rate of the A Share Convertible Corporate Bonds, the Company and the underwriter will make reference to, among others, (i) the interest rates of the convertible bonds issued by other PRC listed issuers with a size comparable to that of the Company around the time of determination of coupon rate (the "Market Comparables"); (ii) the then trading price of A Shares of the Company; (iii) the then condition and investment sentiment of the PRC bond market; and (iv) the credit rating of the Company and the A Share Convertible Corporate Bonds. The Company expects that the coupon rate of the A Share Convertible Corporate Bonds will not substantially deviate from that of the Market Comparables.

Taking into account that (i) the determination mechanism of the coupon rate is subject to the approval of the Shareholders at the EGM and the Class Meetings; (ii) the final coupon rate is subject to approval of the CSRC; (iii) the Company and the underwriter will make reference to the other factors as set out in the previous paragraph when determining the coupon rate; (iv) the final coupon rate is expected not to be deviated substantially from that of the Market Comparables; (v) the determination mechanism of the coupon rate is in compliance with the applicable laws and regulations in the PRC, the Company therefore considers that the proposed determination mechanism of the coupon rate of the A Share Convertible Corporate Bonds is fair and reasonable and in the interest of the Shareholders and the Company as a whole.

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## LETTER FROM THE BOARD

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### ***Equity financing activities in the past 12 months***

Pursuant to the Approval for Public Issuance of A Shares of Zijin Mining Group Co., Ltd.\* (Zhengjian Xuke [2019] No. 1942) issued by the CSRC, the Company was approved to publicly issue not more than 3.4 billion Renminbi-denominated ordinary shares (A Shares) to the public (the “Previous Public Issuance of A Shares”). As at 21 November 2019, the actual number of Renminbi-denominated ordinary share issued by the Company in the Previous Public Issuance of A Shares was 2,346,041,055, at the issuance price of RMB3.41 per A Share. The total amount of proceeds raised was RMB7,999,999,997.55. After deduction of issuance expenses of RMB152,572,030.12, the actual net amount of proceeds raised was RMB7,847,427,967.43. The proceeds raised under the Previous Public Issuance of A Shares were fully used in the project of all cash takeover of 100% interest of Nevsun Resources Ltd.

Except the abovementioned, the Company has not conducted any equity financing activities in the past 12 months before the Latest Practicable Date.

### ***Relevant risks of the Public Issuance of A Share Convertible Corporate Bonds***

The Public Issuance of A Share Convertible Corporate Bonds is subject to certain relevant risks, including but not limited to risk of changes in politics, laws, regulations and policies, management risk, risk in approvals, etc. When evaluating the Public Issuance of A Share Convertible Corporate Bonds, investors shall take the aforementioned risk factors into due consideration.

### ***The Public Issuance of A Share Convertible Corporate Bonds and the Subscriptions not leading to changes in the right of control of the Company***

As at the Latest Practicable Date, Minxi Xinghang, the Substantial Shareholder of the Company, directly holds 6,083,517,704 Shares, representing approximately 23.97% of the total number of Shares.

The total amount of A Share Convertible Corporate Bonds proposed to be issued will not exceed RMB6 billion. If Minxi Xinghang does not exercise the right and does not subscribe for the A Share Convertible Corporate Bonds issued under the Issuance in priority, Minxi Xinghang will still remain the Substantial Shareholder of the Company after completion of the Public Issuance of A Share Convertible Corporate Bonds and all of the A Share Convertible Corporate Bonds are converted into A Shares at a minimum initial conversion price of RMB4.373183 (i.e., the higher of average trading price of A Shares for the 20 trading days preceding the Latest Practicable Date and the average price of the preceding trading day of the Latest Practicable Date).

Therefore, the Public Issuance of A Share Convertible Corporate Bonds and the Subscriptions will not lead to changes in the right of control of the Company, and will not lead to a distribution of shareholding which cannot satisfy relevant listing conditions.

## LETTER FROM THE BOARD

### *Impact of the Public Issuance of A Share Convertible Corporate Bonds and the Subscriptions on the shareholding structure of the Company*

The shareholding structures of the Company as at the Latest Practicable Date and after completion of the proposed Public Issuance of A Share Convertible Corporate Bonds and conversion of all the A Share Convertible Corporate Bonds (assuming that (i) the Company has issued the A Share Convertible Corporate Bonds at the maximum issuance amount of RMB6 billion; (ii) all the A Shareholders have subscribed for the respective maximum subscription amount of the A Share Convertible Corporate Bonds on pro-rata basis on their current shareholding; (iii) all A Share Convertible Corporate Bonds are converted into A Shares at the minimum initial conversion price of RMB4.373183 per A Share; and (iv) the Company does not issue and allot any Shares before all the A Share Convertible Corporate Bonds are converted into A Shares) (the “Calculation Assumptions”) are as follows (the below tables are prepared pursuant to the requirements of the Listing Rules and are for illustrative purpose only):

	As at the Latest Practicable Date			After completion of the proposed Public Issuance of A Share Convertible Corporate Bonds and conversion of all the A Share Convertible Corporate Bonds under the Calculation Assumptions		
	Number of Shares	Approximate percentage of the number of total issued A Shares	Approximate percentage of the number of total issued Shares	Number of Shares	Approximate percentage of the number of total issued A Shares	Approximate percentage of the number of total issued Shares
<b>A Shareholders</b>						
Minxi Xinghang	6,083,517,704	30.97%	23.97%	6,508,489,195	30.97%	24.33%
<b>Directors</b>						
Chen Jinghe (Note)	112,050,000	0.57%	0.44%	119,877,387	0.57%	0.45%
Lan Fusheng (Note)	7,730,510	0.04%	0.03%	8,270,528	0.04%	0.03%
Zou Laichang (Note)	1,623,050	0.01%	0.01%	1,736,422	0.01%	0.01%
Lin Hongfu (Note)	978,938	0.01%	0.01%	1,047,309	0.01%	0.01%
Lin Hongying (Note)	227,000	0.01%	0.01%	242,846	0.01%	0.01%
Xie Xionghui (Note)	149,000	0.01%	0.01%	159,404	0.01%	0.01%
<b>Supervisors</b>						
Lin Shuiqing (Note)	300,000	0.01%	0.01%	320,945	0.01%	0.01%
Liu Wenhong (Note)	26,450	0.01%	0.01%	28,279	0.01%	0.01%
Cao Sanxing (Note)	124,000	0.01%	0.01%	132,643	0.01%	0.01%
Other A Shareholders	13,433,593,294	68.35%	52.88%	14,372,013,369	68.35%	53.67%
<b>H Shareholders</b>						
<b>Director</b>						
Chen Jinghe	15,000,000	–	0.06%	15,000,000	–	0.06%
<b>Supervisor</b>						
Liu Wenhong	10,000	–	0.01%	10,000	–	0.01%
Other H Shareholders	5,721,930,000	–	22.54%	5,721,930,000	–	21.38%
	<u>25,377,259,946</u>	<u>100%</u>	<u>100%</u>	<u>26,749,258,327</u>	<u>100%</u>	<u>100%</u>

## LETTER FROM THE BOARD

Note: Assuming the Relevant Directors have not disposed of their interests in the Employee Stock Ownership Scheme after the expiry date of lock-up period of the Employee Stock Ownership Scheme, i.e. 7 June 2020, the maximum interests of the Relevant Directors (inclusive of their interests in the Employee Stock Ownership Scheme) and the Supervisors as at the Latest Practicable Date and after completion of the proposed Public Issuance of A Share Convertible Corporate Bonds and conversion of all the A Share Convertible Corporate Bonds under the Calculation Assumptions are set out and summarised as follows, for illustrative purpose only:

	As at the Latest Practicable Date					After completion of the proposed Public Issuance of A Share Convertible Corporate Bonds and conversion of all the A Share Convertible Corporate Bonds under the Calculation Assumptions				
	Number of A Shares (Note)	Number of H Shares	Number of of total Shares (Note)	Approximate	Approximate	Number of A Shares (Note)	Number of H Shares	Number of total Shares (Note)	Approximate	Approximate
				percentage	percentage				percentage	percentage
				of the number of	of the number of				of the number of	of the number of
				A Shares	Shares				A Shares	Shares
Directors										
Chen Jinghe	122,050,000	15,000,000	137,050,000	0.62%	0.54%	130,575,940	15,000,000	145,575,940	0.62%	0.54%
Lan Fusheng	9,730,510	-	9,730,510	0.05%	0.04%	10,410,220	-	10,410,220	0.05%	0.04%
Zou Laichang	3,121,442	-	3,121,442	0.02%	0.01%	3,339,475	-	3,339,475	0.02%	0.01%
Lin Hongfu	2,474,115	-	2,474,115	0.01%	0.01%	2,646,918	-	2,646,918	0.01%	0.01%
Lin Hongying	1,725,392	-	1,725,392	0.01%	0.01%	1,845,899	-	1,845,899	0.01%	0.01%
Xie Xionghui	743,855	-	743,855	0.01%	0.01%	795,808	-	795,808	0.01%	0.01%
Supervisors										
Lin Shuiqing	300,000	-	300,000	0.01%	0.01%	320,945	-	320,945	0.01%	0.01%
Liu Wenhong	26,450	10,000	36,450	0.01%	0.01%	28,279	10,000	38,279	0.01%	0.01%
Cao Sanxing	124,000	-	124,000	0.01%	0.01%	132,643	-	132,643	0.01%	0.01%

Note: Inclusive of their interests in the Employee Stock Ownership Scheme.

### *Use of proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds*

It is proposed that the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds will be used in the Kakula Project (a super large-scale and high-grade copper deposit), the Timok Project (a copper and gold mine with a large scale of resource/reserve, in which the grade of copper and gold is high) and the Tongshan Project (a copper mine in Nenjiang County, Heihe City, Heilongjiang Province). Details of the projects are set out in Appendix 2 to this circular.

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## LETTER FROM THE BOARD

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***Proposal in relation to the authorisation to the Board of Directors or its authorised persons to handle all the matters relating to the Public Issuance of A Share Convertible Corporate Bonds of the Company***

In order to ensure that the work relating to the Issuance can be carried out smoothly, effectively and orderly, the Company proposed that the Shareholders' General Meetings authorised the Board or its authorised persons to handle all the matters relating to the Issuance according to provisions in relevant laws, regulations, rules and regulatory documents as well as requirements of regulatory authorities, including but not limited to:

1. Properly revise, adjust and supplement the issuance terms of the A Share Convertible Corporate Bonds within the scope permitted by the relevant laws, regulations, rules, regulatory documents and the Articles of Association, according to the opinion of the regulatory authorities and taking into account the actual situation of the Company; clarify the specific issuance terms and plans prior to the Issuance, formulate and implement the final plan of the Issuance, including but not limited to determination of issuance scale, term, issuance method and target subscribers, proportion to be subscribed by the existing A Shareholders in priority, determination of initial conversion price, adjustment of conversion price, redemption, bond interest rate, right to convene the Bondholders' meetings and its procedures, conditions to effectuate the resolutions, determination of the timing of the Issuance, opening or adding special accounts for the proceeds raised, entering into trilateral supervisory agreements for the deposit in the special accounts for the proceeds raised and all other matters relating to the Issuance;
2. Engage relevant intermediaries for processing application and registration matters in the Issuance including sponsors, lead underwriter, law firms, audit firms, rating agency, etc.; prepare, revise and submit the application documents for the Issuance according to the requirements and opinion of regulatory authorities;
3. Amend, supplement, sign, deliver, submit and execute all agreements, contracts and documents in relation to the Issuance (including but not limited to sponsor and underwriting agreements, agreements in relation to the projects to be invested by the proceeds raised, agreements to engage intermediaries);
4. Within the scope of investment of the proceeds raised as considered and approved at the Shareholders' General Meetings, according to the actual progress and capital requirements of the projects to be invested by the proceeds raised in the Issuance, adjust or determine the specific use of proceeds raised; before the proceeds raised in the Issuance are deposited in the accounts, the Company can invest in the projects to be invested by the proceeds raised by self-financing first. After the proceeds raised in the Issuance are deposited in the accounts, the funds that have been invested in the projects shall be replaced. According to provisions in relevant laws, regulations, rules and regulatory documents and requirements of regulatory authorities as well as market conditions, make necessary adjustments to the projects to be invested by the proceeds raised;



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## LETTER FROM THE BOARD

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5. Amend the relevant provisions of the Articles of Association according to the status of the Issuance and share conversion, and handle matters including industrial and commercial filing, registration of change of registered capital, and the listing of the A Share Convertible Corporate Bonds;
6. In the event that any policies from the regulatory authorities on issuance of convertible corporate bonds change or market conditions change, except for the matters that must be considered and approved at a shareholders' general meeting of the Company in accordance with relevant laws, regulations, rules and regulatory documents and the Articles of Association, adjust the specific plans and other related matters of the Issuance accordingly;
7. In case of force majeure or other circumstances that make the plan of the Issuance difficult to be implemented, or while it can be implemented, adverse consequences will be brought to the Company, or there are changes in the policies of issuing convertible corporate bonds, postpone or terminate the implementation of the plan of the Issuance according to its discretions;
8. In the case where there are updated regulations and requirements on the dilutive impact on immediate returns and their recovery measures pursuant to the relevant laws, regulations, rules, and regulatory documents and the regulatory authorities, according to the then latest regulations and the requirements of the regulatory authorities, further analyse, research and substantiate the impact of the Issuance on the Company's immediate financial indicators and the Shareholders' immediate returns, formulate and revise relevant recovery measures, and fully handle other related matters;
9. Within the term of the A Share Convertible Corporate Bonds to be issued under the Issuance, under the framework and principles considered and approved at the Shareholders' General Meetings and in compliance with the relevant laws, regulations, rules and regulatory documents and the requirements of relevant regulatory authorities and the Articles of Association, to handle all matters related to the redemption, conversion, and sale back of the A Share Convertible Corporate Bonds; and
10. Handle other related matters of the Issuance. The Company proposes to the Shareholders' General Meetings to delegate the abovementioned authorisation to the chairman of the Board and his authorised persons, under the premise that the Board successfully received such authorisation, unless otherwise stipulated in relevant laws, regulations, rules and regulatory documents.

The above authorisation is valid within 12 months from the date of considering and approving the proposal at the Shareholders' General Meetings of the Company.

The aforesaid proposal has been considered and approved at the twelfth extraordinary meeting in 2020 of the seventh term of the Board and is hereby tabled to the Shareholders' General Meetings for consideration.



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## LETTER FROM THE BOARD

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### 4. PROPOSED PROVISION OF GUARANTEES

The Company proposed to provide guarantee to Gold Mountains (H.K.) International Mining Company Limited, its wholly-owned subsidiary, for its application for bank facilities not exceeding USD800 million from financial institutions to satisfy various capital requirements. The Company also proposed to provide guarantee to Tibet Zijin Industrial Co., Ltd., its wholly-owned subsidiary, for its application for syndicated facilities for acquisition from financial institutions of an amount not exceeding RMB2.3 billion for acquisition of 50.1% equity interest in Tibet Julong Copper Co., Ltd. (“Julong Copper”), and provide guarantee to Julong Copper for its application for syndicated facilities from financial institutions of an amount not exceeding RMB10.5 billion for the purpose of substitution of syndicated facilities at the initial stage and constructions of phase 1 project. Details are set out in appendices 8 and 9 to this circular.

### 5. THE EXTRAORDINARY GENERAL MEETING AND THE CLASS MEETINGS

The Company will convene and hold the EGM, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting at the conference room at 41/F., Tower B, Zhonghang Zijin Plaza, No. 1811 Huandao Road East, Siming District, Xiamen City, Fujian Province, the PRC on Monday, 20 July 2020 at 9 a.m., 10 a.m. and 10:30 a.m. respectively.

An EGM will be convened and held for the purpose of, inter alia, considering and approving, by the Shareholders, the Public Issuance of A Share Convertible Corporate Bonds, and by the Independent Shareholders, the possible Connected Transactions of Subscriptions of A Share Convertible Corporate Bonds by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme. The A Shareholders’ Class Meeting will be convened and held for the purpose of, inter alia, considering and approving, by the A Shareholders, the Public Issuance of A Share Convertible Corporate Bonds and the related matters. The H Shareholders’ Class Meeting will be convened and held for the purpose of, inter alia, considering and approving, by the H Shareholders, the Public Issuance of A Share Convertible Corporate Bonds and the related matters. Votes for all resolution(s) at the EGM, the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting shall be taken by way of poll.

Minxi Xinghang and its Associates shall abstain from voting in respect of the resolution relating to the subscription of A Share Convertible Corporate Bonds by Minxi Xinghang at the EGM, and the Relevant Directors and Supervisors and their Associates shall abstain from voting in respect of the resolution relating to the Subscriptions of A Share Convertible Corporate Bonds by the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme at the EGM.

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## LETTER FROM THE BOARD

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In order to determine the H Shareholders who are entitled to attend the EGM and the H Shareholders' Class Meeting, the Company's register of H Shares members will be closed from 15 July 2020 (Wednesday) to 20 July 2020 (Monday) (both days inclusive), during which period no transfer of H Shares will be registered. H Shareholders who intend to attend the EGM and the H Shareholders' Class Meeting but have not registered the transfer documents are required to deposit the transfer documents together with the relevant share certificates at the registrar of H Shares of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, at or before 4:30 p.m. on 14 July 2020 (Tuesday). H Shareholders whose names appear on the register of H Shares members on 20 July 2020 (Monday) are entitled to attend the EGM and the H Shareholders' Class Meeting.

The reply slips and proxy forms for H Shareholders for use at the said meetings are enclosed herewith. H Shareholders who intend to attend the respective meetings shall complete and return the reply slip(s) in accordance with the instructions printed on or before Wednesday, 15 July 2020.

Whether or not you are able to attend the respective meetings, please complete the applicable proxy form(s) in accordance with the instructions printed thereon. The applicable proxy form(s) shall be lodged with the registrar of H Shares of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for the holding of the relevant meeting(s) or any adjournment thereof (as the case may be). Completion and return of the applicable proxy form(s) will not prevent you from attending and voting in person at the relevant meeting(s) or any adjournment thereof should you so wish.

### **6. INDEPENDENT FINANCIAL ADVISER**

As required by the Listing Rules, an Independent Financial Adviser has been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders on the Subscriptions. As at 4 July 2020, the Independent Financial Adviser had given and had not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which they were included.

### **7. RECOMMENDATION**

Messis Capital Limited has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions. The Independent Financial Adviser is of the view that the Subscriptions and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, and the terms of the Subscriptions and the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. The Independent Financial Adviser therefore recommends the Independent Shareholders, as well as the Independent Board Committee to

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## LETTER FROM THE BOARD

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recommend the Independent Shareholders, to vote in favour of the relevant proposal to be proposed at the EGM to approve the Subscriptions and the transactions contemplated thereunder. The Directors (including the independent non-executive Directors after receiving the advice from the Independent Financial Adviser) consider that the Subscriptions mentioned above are in the best interests of the Company and its Shareholders as a whole, and recommend that all Independent Shareholders should vote in favour of the relevant proposal to be proposed at the EGM.

### 8. FURTHER INFORMATION

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

Your attention is drawn to the letter from the Independent Board Committee set out on pages 33 to 34 of this circular and the letter from the Independent Financial Adviser set out on pages 35 to 65 of this circular which contains the recommendation of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions and the principal factors and reasons considered by the Independent Financial Adviser in arriving at its recommendation.

Should there be any discrepancy, the Chinese text of this circular shall prevail over its English text.

By order of the Board  
**Zijin Mining Group Co., Ltd.\***  
**Chen Jinghe**  
*Chairman*

\* *The English name of the Company is for identification purpose only*



**Zijin Mining Group Co., Ltd.\***

**紫金礦業集團股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*

**(Stock code: 2899)**

4 July 2020

*To the Independent Shareholders*

Dear Sir/Madam,

**POSSIBLE CONNECTED TRANSACTIONS OF SUBSCRIPTIONS OF A SHARE  
CONVERTIBLE CORPORATE BONDS BY MINXI XINGHANG, THE  
RELEVANT DIRECTORS AND SUPERVISORS AND/OR THE RELEVANT  
DIRECTORS UNDER THE EMPLOYEE STOCK OWNERSHIP SCHEME**

We, the Independent Board Committee of Zijin Mining Group Co., Ltd.\* (the “Company”), are advising the Independent Shareholders in connection with the possible Connected Transactions of Subscriptions of A Share Convertible Corporate Bonds by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme, which are set out in the letter from the Board contained in the circular (the “Circular”) of the Company to the Shareholders dated 4 July 2020, of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein unless the context otherwise requires.

Under the Listing Rules, the Subscriptions of A Share Convertible Corporate Bonds by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme may constitute Connected Transactions of the Company. Accordingly, the Subscriptions will require the approval of the Independent Shareholders at the EGM. We wish to draw your attention to the letter from the Independent Financial Adviser set out on pages 35 to 65 of the Circular, which contains advices and recommendations in respect of the Subscriptions.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having considered, inter alia, the terms of the Subscriptions and reasons considered by, and the recommendations of, the Independent Financial Adviser, as stated in its aforementioned letter, we consider the terms of the Subscriptions are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned. Although the Subscriptions are not conducted in the ordinary and usual course of business of the Company due to its nature, we are of the view that the Subscriptions are in the interests of the Company and its Shareholders as a whole. Accordingly, we recommend that the Independent Shareholders vote in favour of the proposal to be proposed at the EGM to approve the Subscriptions and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of

**The Independent Board Committee of**

**Zijin Mining Group Co., Ltd.\***

Zhu Guang, Mao Jingwen, Li Changqing, He Fulong and Suen Man Tak

\* *The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this letter shall prevail over its English text.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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*The following is the full text of the letter from Messis Capital Limited, the Independent Financial Adviser, for the purpose of inclusion in this circular, to the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions.*



4 July 2020

*To: The Independent Board Committee and the Independent Shareholders of  
Zijin Mining Group Co., Ltd.\**

Dear Sir or Madam,

- (1) PROPOSED PUBLIC ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS;**
- (2) POSSIBLE CONNECTED TRANSACTION – SUBSCRIPTION OF A SHARE CONVERTIBLE CORPORATE BONDS BY MINXI XINGHANG;**
- (3) POSSIBLE CONNECTED TRANSACTION – SUBSCRIPTION OF A SHARE CONVERTIBLE CORPORATE BONDS BY THE RELEVANT DIRECTORS AND SUPERVISORS AND/OR THE RELEVANT DIRECTORS UNDER THE EMPLOYEE STOCK OWNERSHIP SCHEME**

### INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders to advise the Independent Board Committee and the Independent Shareholders in respect of the Subscriptions, details of which are set out in the letter from the Board (the “**Letter from the Board**”) contained in the circular of the Company to the Shareholders dated 4 July 2020 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

The Company proposed to apply to the CSRC for the Public Issuance of A Share Convertible Corporate Bonds to non-specific investors in the PRC with a total amount not exceeding RMB6 billion (RMB6 billion inclusive). The proposed Public Issuance of A Share Convertible Corporate Bonds will be subject to the approvals of the Shareholders at the EGM and the Class Meetings and the approvals of the CSRC.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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As at the Latest Practicable Date, Minxi Xinghang directly holds 6,083,517,704 A Shares, representing approximately 23.97% of the number of total issued Shares. Minxi Xinghang shall have the right to subscribe for the A Share Convertible Corporate Bonds in priority and the right to surrender such right of subscription. Minxi Xinghang may subscribe for A Share Convertible Corporate Bonds with a maximum subscription amount of RMB1,858,478,100. Minxi Xinghang is the Substantial Shareholder of the Company and a Connected Person of the Company. Under Chapter 14A of the Listing Rules, if Minxi Xinghang subscribes for A Share Convertible Corporate Bonds, it will constitute a Connected Transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

As at the Latest Practicable Date, the Relevant Directors and Supervisors hold 123,208,948 A Shares in aggregate, representing approximately 0.49% of the number of total issued Shares. The Relevant Directors indirectly hold 17,086,816 A Shares in aggregate through their interests in the Employee Stock Ownership Scheme, representing approximately 0.07% of the number of total issued Shares. Each of the Relevant Directors shall have the right to subscribe directly and/or through the Employee Stock Ownership Scheme and the Relevant Directors and Supervisors shall have the right to subscribe directly for the A Share Convertible Corporate Bonds in priority, and the right to surrender such right of subscription. The Relevant Directors and Supervisors may directly subscribe for A Share Convertible Corporate Bonds with a maximum subscription amount of RMB37,639,200 based on their shareholding proportion of A Shares. The Relevant Directors may also subscribe through the Employee Stock Ownership Scheme for A Share Convertible Corporate Bonds with a maximum subscription amount of RMB5,219,600. Under Chapter 14A of the Listing Rules, if each of the Relevant Directors and Supervisors subscribe for A Share Convertible Corporate Bonds, it will constitute a Connected Transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

Pursuant to Rule 19A.38 of the Listing Rules, the proposed Public Issuance of A Share Convertible Corporate Bonds is subject to the approvals of the Shareholders at the EGM and the Class Meetings.

The Relevant Directors and Li Jian, a Director who is the chairman of Minxi Xinghang, were required to abstain from voting in the Board meeting in respect of the resolution to approve the Subscriptions. All remaining Directors who were entitled to vote, unanimously approved the above resolution. The format and procedure for passing the resolution were in compliance with the Company Law of the PRC and the Articles of Association. Save for the above, no other Directors are interested or deemed to have material interests in the above transaction. In addition, no Directors have abstained from voting on other Board resolutions at the abovementioned Board meeting.

An EGM will be convened by the Company and held for the purpose of, inter alia, considering and approving the proposed Public Issuance of A Share Convertible Corporate Bonds, the Subscriptions and the related matters. Class Meetings will also be convened by the Company and held for the purpose of, inter alia, considering and approving the proposed Public Issuance of A Share Convertible Corporate Bonds and the related matters. Minxi Xinghang and its Associates shall abstain from voting in respect of the resolution relating to the subscription of A Share Convertible Corporate Bonds by Minxi Xinghang at the EGM, and the Relevant Directors and Supervisors and their Associates shall abstain from voting in respect of the resolution relating to subscription of A Share Convertible Corporate Bonds by the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme at the EGM.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The Independent Board Committee (comprising all independent non-executive Directors, namely Messrs. Zhu Guang, Mao Jingwen, Li Changqing, He Fulong and Suen Man Tak) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders in respect of the Subscriptions. We, Messis Capital Limited, have been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in these regards.

As at the Latest Practicable Date, we did not have any relationships with or interests in the Company and any other parties that could reasonably be regarded as relevant to our independence. Apart from normal professional fees payable to us in connection with this appointment as the Independent Financial Adviser, no agreement exists whereby we will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence. During the past two years, we were appointed as an independent financial adviser for the Company on one occasion, details of which are set out in the circular of the Company dated 28 March 2019 in relation to the subscription of A Shares under the public issuance of A Shares. Notwithstanding the above, the previous engagement with the Company would not affect our independence from the Company and we are independent from the Company pursuant to Rule 13.84 of the Listing Rules, in particular that we did not serve as a financial adviser to the Company and any core connected person of the Company within 2 years prior to 15 June 2020, being the date of making our independence declaration to the Hong Kong Stock Exchange pursuant to Rule 13.85(1) of the Listing Rules.

### **BASIS OF OUR OPINION**

In arriving at our recommendations, we have relied on the statements, information and representations contained in the Circular and the information and representations provided to us by the Company, the Directors and the management of the Company. We have assumed that all information, representations and opinions contained or referred to in the Circular and all information and representations which have been provided by the Company, the Directors and the management of the Company for which they are solely and wholly responsible, are true and accurate at the time they were made and will continue to be accurate as at the Latest Practicable Date. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the management of the Company.

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



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We consider that we have been provided with sufficient information on which to form a reasonable basis for our opinion. We have no reason to suspect that any relevant information has been withheld, nor are we aware of any material facts or circumstances which would render the information provided and representations made to us untrue, inaccurate or misleading. We consider that we have performed all the necessary steps to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Company, the Directors and the management of the Company, nor have we conducted an independent investigation into the business and affairs of the Group and any parties in relation to the Subscriptions.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Subscriptions. Except for its inclusion in the Circular, this letter is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinions and recommendations, we have taken into consideration the following principal factors and reasons:

#### **1. Background of Proposed Public Issuance of A Share Convertible Corporate Bonds and the Subscriptions**

##### **1.1 Background of the Proposed Public Issuance of A Share Convertible Corporate Bonds and the Subscriptions**

The Company proposed to apply to the CSRC for the Public Issuance of A Share Convertible Corporate Bonds to non-specific investors in the PRC with a total amount not exceeding RMB6 billion (RMB6 billion inclusive). The proposed Public Issuance of A Share Convertible Corporate Bonds will be subject to the approvals of the Shareholders at the EGM and the Class Meetings and the approvals of the CSRC.

Pursuant to the terms of the proposed Public Issuance of A Share Convertible Corporate Bonds, Minxi Xinghang shall have the right to subscribe for the A Share Convertible Corporate Bonds in priority and the right to surrender such right of subscription. Minxi Xinghang may subscribe for A Share Convertible Corporate Bonds with a maximum subscription amount of RMB1,858,478,100. The Relevant Directors and Supervisors shall have the right to subscribe directly for A Share Convertible Corporate Bonds with a maximum subscription amount of RMB37,639,200 based on their shareholding proportion of A Shares. The Relevant Directors may also subscribe through the Employee Stock Ownership Scheme for A Share Convertible Corporate Bonds with a maximum subscription amount of RMB5,219,600.

## **1.2 Background information of the Group**

The Company is a joint stock company established under the laws of the PRC with limited liability, the H Shares of which are listed on the Main Board of the Hong Kong Stock Exchange and the A Shares of which are listed on the Shanghai Stock Exchange. The Group is mainly engaged in the exploration and mining of gold, copper, zinc and other metal mineral resources, supplemented by refining, processing and sales of related products. Exploitation of gold, copper and zinc mineral resources is the core component of the Group's business. The Group also covers refining and processing businesses to an optimal extent, as well as other mining-related businesses such as research and development, construction, trade and finance, etc.

According to the annual report of the Group for the year ended 31 December 2019 (the “**2019 Annual Report**”), in 2019, the Company ranked the 889th place in Forbes' “Global 2,000: The World's Largest Public Companies”, on which the Company ranked 1st among the Chinese non-ferrous metal corporations, 1st among the global gold corporations and 10th among the global non-ferrous metal corporations. According to Fortune in 2019, the Company ranked 87th in Fortune China 500. In the Top 500 Enterprises of China released by China Enterprise Confederation in 2019, the Company ranked 1st in terms of profit among non-ferrous (gold) mining enterprises. The Company is one of the sizable mining companies generating the best efficacy, controlling the highest metal resources reserve volume, having the highest production volumes and performing most competitively in Chinese mining industry.

## **1.3 Financial information of the Group**

Set out below is a summary of the financial information of the Group for the two years ended 31 December 2018 and 2019, which are extracted from the 2019 Annual Report:

### *Financial performance of the Group*

	<b>For the year ended</b>	
	<b>31 December</b>	
	<b>2018</b>	<b>2019</b>
	<i>RMB' million</i>	<i>RMB' million</i>
	<i>(audited)</i>	<i>(audited)</i>
Operating income	105,994	136,098
Operating profit	6,181	7,242
Net profit	4,683	5,061

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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According to the 2019 Annual Report, the Group's operating income increased by approximately 28.4% from approximately RMB105,994 million for the year ended 31 December 2018 to approximately RMB136,098 million for the year ended 31 December 2019. Such increase was mainly attributable to (i) the increase in mineral products' unit prices (except for mine-produced copper and zinc) of the Group; and (ii) the general increase in production and sales volume of all mineral products and refined products in 2019 as compare with that of 2018; and partly offset by the decrease in unit prices of copper and zinc in 2019 as compared with that of 2018.

The overall gross profit margin of the Group decreased by approximately 1.2 percentage points from approximately 12.6% for the year ended 31 December 2018 to approximately 11.4% for the year ended 31 December 2019. The overall gross profit margin of mineral products (excluding processed and refined products) was 42.6%, representing a decrease of 3.7 percentage points compared with that of the same period last year, which was mainly owing to the drop in the prices of mine-produced copper and mine-produced zinc. Despite the decrease in gross profit margin of the Group, the Group recorded an increase in operating profit from approximately RMB6,181 million for the year ended 31 December 2018 to approximately RMB7,242 million for the year ended 31 December 2019 and an increase in net profit from approximately RMB4,683 million for the year ended 31 December 2018 to approximately RMB5,061 million for the year ended 31 December 2019.

### *Financial position of the Group*

	<b>As at 31 December</b>	
	<b>2018</b>	<b>2019</b>
	<i>RMB' million</i>	<i>RMB' million</i>
	<i>(audited)</i>	<i>(audited)</i>
Current assets	30,449	28,594
Non-current assets	82,430	95,237
<b>Total assets</b>	<b>112,879</b>	<b>123,831</b>
Current liabilities	37,223	33,363
Non-current liabilities	28,382	33,388
<b>Total liabilities</b>	<b>65,605</b>	<b>66,751</b>
<b>Net assets</b>	<b>47,274</b>	<b>57,080</b>

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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The total assets of the Group, mainly comprised of fixed assets (including mining assets, buildings and plant, machinery and equipment), intangible assets (including exploration and mining rights and land use rights) and inventories, increased from approximately RMB112,879 million as at 31 December 2018 to RMB123,831 million as at 31 December 2019. The Group's fixed assets amounted to approximately RMB34,144 million and RMB38,625 million as at 31 December 2018 and 31 December 2019 respectively, representing approximately 30.2% and 31.2% of the Group's total assets of the respective periods. The Group's intangible assets amounted to approximately RMB22,510 million and RMB24,163 million as at 31 December 2018 and 31 December 2019 respectively, representing approximately 19.9% and 19.5% of the Group's total assets of the respective periods. The Group's inventories amounted to approximately RMB12,670 million and RMB14,887 million as at 31 December 2018 and 31 December 2019 respectively, representing approximately 11.2% and 12.0% of the Group's total assets of the respective periods.

The Group's total liabilities increased from approximately RMB65,605 million as at 31 December 2018 to approximately RMB66,751 million as at 31 December 2019 which was mainly attributable to the increase in long-term borrowings from approximately RMB12,918 million as at 31 December 2018 to approximately RMB13,826 million as at 31 December 2019 and partly offset by the decrease in bonds payable from approximately RMB16,172 million as at 31 December 2018 to approximately RMB15,265 million as at 31 December 2019. According to the 2019 Annual Report, the Group's short-term borrowings mainly consisted of unsecured and non-guaranteed loans.

As a result of the foregoing, the net assets of the Group as at 31 December 2018 and 2019 amounted to RMB47,274 million and RMB57,080 million, respectively. The gearing ratio of the Group was approximately 1.2 as at 31 December 2019 as compared to approximately 1.4 as at 31 December 2018.

### **1.4 Information of Minxi Xinghang**

Minxi Xinghang is a state-owned limited company incorporated in the PRC whose principal activities are operation and management of state-owned assets within the authorised scope and project investment. It is the Substantial Shareholder of the Company, currently holding approximately 23.97% of the number of total issued Shares.

### **1.5 Information of the Relevant Directors and Supervisors**

The Relevant Directors and Supervisors are the Directors and the Supervisors of the Company respectively holding A Shares of the Company as at the Latest Practicable Date and shall have the right to subscribe for the A Share Convertible Corporate Bonds to be issued under the Public Issuance in priority and the right to surrender such right of subscription. The Relevant Directors include Chen Jinghe, Lan Fusheng, Zou Laichang, Lin Hongfu, Lin Hongying and Xie Xionghui. The Relevant Supervisors include Lin Shuiqing, Liu Wenhong and Cao Sanxing.

## **2. Reasons for and Benefits of the Public Issuance of A Share Convertible Corporate Bonds and the Subscriptions**

### **2.1 Reasons for and benefits of the Public Issuance of A Share Convertible Corporate Bonds and the Subscriptions**

The Company's main business is mineral resource prospecting and development. According to the 2019 Annual Report, the Company consistently implements the development strategy of "internationalisation, project upsizing and asset securitisation" with gold and copper as the main focuses, continues to track high-quality mining resources projects across the world, and grasps the market opportunity to complete merger and acquisition in a timely manner. As advised by the Directors, the proceeds raised from the Public Issuance shall be fully invested in the Company's main business, which is in line with the comprehensive strategic development and direction of the Company in the future. After completion of implementing the projects to be invested by the proceeds raised, the profitability of the Company's main business will be enhanced, and the capability in risk-aversion and sustainable development will be effectively improved.

According to the Letter from the Board, the Public Issuance benefits in expanding the asset and business scales of the Company, as well as optimising the financial structure. The construction and implementation of the projects to be invested by the proceeds raised can steadily increase the revenue and profitability of the Company. The Directors are of the view that the Subscriptions are beneficial to the smooth implementation of the projects and help to promote the continuation of the Company's long-term strategy.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Assuming that 100% of the A Share Convertible Corporate Bonds will be firstly offered and issued to the existing A Shareholders under the Issuance, and Minxi Xinghang, the Relevant Directors and Supervisors and/or the Directors through the Employee Stock Ownership Scheme will exercise the right to subscribe in full, based on the shareholding proportion of the abovementioned parties on the convention date of the Board meeting (i.e. 12 June 2020) and the maximum amount of the A Share Convertible Corporate Bonds to be issued by the Company, the maximum amount of A Share Convertible Corporate Bonds to be subscribed by the abovementioned parties are as follows:

Substantial Shareholder/ Directors/Supervisors	Approximate percentage of the number of A Shares directly held to the number of total issued A Shares	Maximum amount of A Share Convertible Corporate Bonds to be subscribed based on the proportion of A Shares directly held (RMB)	Approximate percentage of A Shares indirectly held under the Employee Stock Ownership Scheme to the number of total issued A Shares (Note)	Maximum amount of A Share Convertible Corporate Bonds to be subscribed based on the proportion of A Shares indirectly held under the Employee Stock Ownership Scheme (RMB) (Note)	Total maximum subscription amount of A Share Convertible Corporate Bonds to be subscribed (RMB) (Note)
Minxi Xinghang	30.97%	1,858,478,100	/	/	1,858,478,100
Chen Jinghe	0.57%	34,230,600	0.0509%	3,054,900	37,285,500
Lan Fusheng	0.04%	2,361,600	0.0102%	610,900	2,972,500
Zou Laichang	0.01%	495,800	0.0076%	457,700	953,500
Lin Hongfu	0.005%	299,000	0.0076%	456,700	755,700
Lin Hongying	0.0012%	69,300	0.0076%	457,700	527,000
Xie Xionghui	0.001%	45,500	0.0030%	181,700	227,200
Lin Shuiqing	0.002%	91,600	/	/	91,600
Liu Wenhong	0.0001%	8,000	/	/	8,000
Cao Sanxing	0.001%	37,800	/	/	37,800
In which, the total maximum subscription amount of A Share Convertible Corporate Bonds to be subscribed by the Directors and the Supervisors	/	37,639,200	/	5,219,600	42,858,800

Note: Assuming the participants of the Employee Stock Ownership Scheme have not disposed of their interests in the Employee Stock Ownership Scheme after the expiry date of lock-up period of the Employee Stock Ownership Scheme, i.e. 7 June 2020

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### *Use of proceeds*

As advised by the management of the Company, the total amount of proceeds proposed to be raised from the proposed Public Issuance of A Share Convertible Corporate Bonds will not exceed RMB6 billion (RMB6 billion inclusive), which is proposed to be used for the following projects (the “**Projects**”) after deduction of issuing expenses:

Unit: RMB billion

No.	Project name	Total investment amount of the project	Amount of the proceeds raised intended to be used in the project
1	The Kamo-Kakula Copper Mine project of Kamo Holding Limited in the DR Congo (the “ <b>Kakula Project</b> ”)	5.1635074	3.14
2	Mining and processing project in the Upper Zone of the Timok Copper and Gold Mine of Rakita Exploration d.o.o. Bor in Serbia (the “ <b>Timok Project</b> ”)	3.3619773	2.18
3	Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd. (the “ <b>Tongshan Project</b> ”)	0.9475115	0.68
	<b>Total</b>	<b>9.4729962</b>	<b>6</b>

Notes:

- The total investment in the Kakula Project and Timok Project is calculated based on the middle rate of foreign exchange rate quotation of USD1: RMB7.0865 of China Foreign Exchange Trade System on 12 June 2020.
- The total investment in the Kakula Project is calculated based on the shareholding percentage of 49.50% held by the Company.

After the proceeds to be raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the Company will invest the proceeds in the Projects in accordance with the actual need and priority of the Projects. If the total investment of the Projects exceeds the use of the proceeds to be raised, the amount of difference shall be self-financed by the Company. If the actual net amount of proceeds raised from the total proceeds raised under the Issuance after the deduction of the issuance expenses is less than the actual amount of funds required for the Projects, the Company will make up the shortfall by self-financing.

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Before the proceeds raised in the Issuance are deposited in the account, the Company will invest in the Projects by self-financing first. And after the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the fund that have been invested in the Projects shall be replaced according to relevant laws, regulations and procedures.

We have reviewed the “Feasibility Report on the Use of Proceeds Raised in the Public Issuance of A Share Convertible Corporate Bonds for the Year 2020” (the “**Feasibility Report**”) as set out in Appendix 2 to the Circular. The Feasibility Report set out the details of the Projects to be invested by the proceeds from the Public Issuance of A Share Convertible Corporate Bonds, including the feasibility and future prospects of the Projects.

According to the Feasibility Report, the Kakula deposit of the Kamo a Copper Mine is a super large-scale and high-grade copper deposit. The copper minerals mainly consist of chalcocite, followed by bornite and chalcopyrite. The total investment for the project is USD1.4715830 billion, and the Company invests in the Kakula Project based on its 49.5% shareholding interests in the project company. The Kamo a-Kakula Copper Mine adopts underground mining, and the total mine service life is 20 years (infrastructure period excluded), in which the number of years reaching and operating at the design scale is 14 years. After completing the construction and reaching the production capacity, the Kakula Project shall realise annual ore processing volume of 6 million tonnes and is expected to produce 595.9 thousand tonnes of copper concentrate per annum, equivalent to approximately 307 thousand tonnes of copper metal.

According to the Feasibility Report, the Timok Copper and Gold Mine in Serbia has a large scale resource/reserve, in which the grades of copper and gold are high. The Timok Copper and Gold Mine comprises of the upper zone and the lower zone. The Company owns 100% equity interest in both the upper zone and the lower zone of the Timok Copper and Gold Mine. The total investment for the Timok Project is USD474.4180 million. Underground mining is adopted, and the mine service life is 11 years. After completing the construction and reaching the production capacity, the annual ore processing volume shall be 3.3 million tonnes, and the project is expected to realise annual production of 507.8 thousand tonnes of copper concentrate, equivalent to 91.4 thousand tonnes of copper metal, 2,503.22kg of gold metal.

According to the Feasibility Report, the Tongshan Mine is located in the north of Nenjiang County, Heihe City, Heilongjiang Province, in the jurisdiction of Duobaoshan Town. The total investment for the Tongshan Project is RMB947.5115 million. Open-pit mining at first and then underground mining are adopted, and the total mine service life is 19 years (infrastructure period excluded. The infrastructure for open-pit and underground mining in Tongshan Mountains shall be under construction at the same time, in which the infrastructure period for open-pit and underground mining is 1 year and 3.5 years respectively). The production period is 17 years, and the production decline period is 2 years. After completing the construction and reaching the production capacity, the annual ore processing volume of copper and molybdenum shall be 3 million tonnes.



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As extracted from the Feasibility Report, after the completion of implementing the Projects, the profitability of the Company's main business will be enhanced, and the capability in risk-aversion and sustainable development will be effectively improved. According to the Feasibility Report, (i) the Timok Project, after construction completion and production commencement, is expected to realise average annual sales income of USD543.5060 million in the years reaching the designated production capacity, and the average annual net profit after tax of USD271.4860 million. The investment return period is 3.37 years (after tax, construction period inclusive); (ii) the Kakula Project, after the completion of construction and production commencement, is expected to realise average annual sales income of USD1.4136260 billion in the years reaching the designated production capacity, and the average annual net profit after tax will be RMB618.6230 million. The investment return period is 4.96 years (after tax, construction period inclusive); and (iii) the Tongshan Mine, after the construction completion and production commencement, when reaching the production capacity, average annual sales income of RMB423 million and the average annual net profit after tax will be RMB122.2718 million.

Having considered that (i) the Public Issuance of A Share Convertible Corporate Bonds is to finance the Projects which are for the business expansions and development of the Group; and (ii) the completion of implementing the Projects would enhance the profitability of the Company's main business and is hence in line with the Group's business strategy in further developing its mining business, we concur with the view of the Directors that the Public Issuance of A Share Convertible Corporate Bonds and the Subscriptions are in the interests of the Company and the Shareholders as a whole.

### 2.2 Financial alternatives of the Company

As advised by the management of the Company, the Board has considered various fund raising alternatives apart from the Public Issuance of A Share Convertible Corporate Bonds such as debt financing or rights issue or public offering.

#### 2.2.1 Debt financing

According to the 2019 Annual Report, the Group's total assets amounted to approximately RMB123.8 billion as at 31 December 2019, whilst its total liabilities was approximately RMB66.8 billion as at 31 December 2019, resulting in a debt to assets ratio (calculated as total liabilities divided by total assets) of approximately 53.9% (as at 31 December 2018: 58.1%). As at 31 December 2019, the Group's gearing ratio (calculated as total liabilities divided by total equity) was 1.169 (as at 31 December 2018: 1.388), which reflected that the Group's total liabilities was more than its net assets.

The Directors are of the view that debt financing may not be the most practicable financing plan for the Group to meet its capital needs, as financing through bank borrowing may involve lengthy negotiation with banks, and will incur higher interest expenses as compared to the coupon rate of convertible bonds. We have conducted searches over the website of 巨潮資訊網 (Cninfo\*, www.cninfo.com.cn, being a website designated by the CSRC for the purpose of information disclosure) to identify transactions in similar nature to the Public Issuance of A Share Convertible Corporate Bonds for comparison purpose (the "**Coupon Rate Comparables**"). Through the searches from 1 June 2020 up to date of announcement of the Company in relation to proposed Public Issuance of A Share Convertible Corporate Bonds, we have identified 17 Coupon Rate Comparables and

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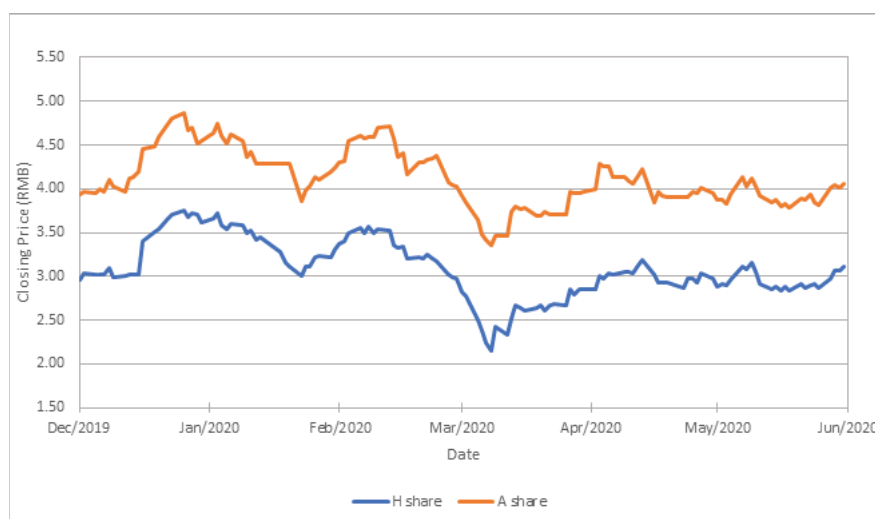
noted that the actual coupon rate of A share convertible bonds ranged from 0.20% to 3.50%, which was lower than the five-year loan prime rate of 4.65% as published by the People's Bank of China. As such, we concur with the view of the Directors that the interest rate of bank loans is expected to be higher than the coupon rate of the convertible bonds.

On the other hand, upon full conversion of the A Share Convertible Corporate Bonds, the capital base of the Company will be enlarged and strengthened. Given the above, we are of the view that the Public Issuance of the A Share Convertible Corporate Bonds, being an equity financing means, is more practicable than external debt financing and is in the interests of the Company and the Shareholders as a whole.

### *2.2.2 Other equity financing alternatives*

In respect of equity financing by way of issuing new Shares, the Company has publicly issued 2,346,041,055 A Shares on 15 November 2019. The issuance price was RMB3.41 per A Share and the gross proceeds raised was RMB7,999,999,997.55 (including issuance expenses). The Board has not considered equity financing by way of issuing new Shares this time to avoid further immediate dilution on the shareholding of the existing Shareholders within a relatively short period of time. On the contrary, fund raising by way of issuing the A Share Convertible Corporate Bonds will not have an immediate dilution impact on the shareholding of the existing Shareholders upon the completion of its issuance.

The Board has also considered the issuance of H Shares convertible bonds but it is not desirable given the prevailing market price of H Shares has been substantially lower than that of A Shares. The chart below illustrates a comparison between the daily closing prices of the A Shares and the daily closing prices of the H Shares (presented in RMB equivalent based on an exchange rate of RMB1 to HK\$1.0942) from 11 December 2019 up to the last trading day before the announcement of the Public Issuance of A Share Convertible Corporate Bonds published on the Shanghai Stock Exchange and the Hong Kong Stock Exchange (the “Review Period”):



Sources: Website of the Hong Kong Stock Exchange and Cninfo\*

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During the Review Period, the H Shares were traded with closing prices in the range of HK\$2.36 (equivalent to approximately RMB2.16) to HK\$4.1 (equivalent to approximately RMB3.75) per H Share and the A Share were traded with the closing prices in the range of RMB3.36 to RMB4.86 per A Share.

In other words, as the closing prices of H Shares was lower than that of A Shares, if the Company conducts a fund raising exercise by the issuance of H Share convertible bonds in Hong Kong with a proceed of RMB6 billion, assuming a pricing basis of not less than the average trading price of the H Shares in the 20 trading days preceding the base day, the number of H Shares to be issued upon full conversion of the H Share convertible bonds will be substantially greater than that required for the issuance of A Share convertible bonds, which will lead to a greater dilution effect to the shareholding of the existing Shareholders and will not be in the interests of the Independent Shareholders.

Having considered that (i) equity financing is more practicable than external debt financing; (ii) the issued H Share capital of the Company is lower than the issued A Share capital of the Company; and (iii) the immediate dilution effect to the shareholding of the existing Shareholders if the Company conducts a fund raising exercise by issuance of new Shares, we concur with the Directors' view that it is in the interests of the Company and the Shareholders as a whole to raise funds by the Public Issuance of A Share Convertible Corporate Bonds (including the Subscriptions).

### **3. The Terms of the Public Issuance of A Share Convertible Corporate Bonds and the Subscriptions**

#### **3.1 Principal terms of the Public Issuance of A Share Convertible Corporate Bonds**

The terms of the possible subscriptions for A Share Convertible Corporate Bonds by Minxi Xinghang, the Relevant Directors and Supervisors and/or the Relevant Directors under the Employee Stock Ownership Scheme are the same as the terms and conditions which are set out in the proposal on the Public Issuance of A Share Convertible Corporate Bonds.

Set out below are the key terms of the Public Issuance of A Share Convertible Corporate Bonds and the Subscriptions:

#### **Type of securities to be issued**

The type of the securities to be issued is convertible corporate bonds which can be converted into A Shares of the Company. The A Share Convertible Corporate Bonds and A Shares to be converted in the future of the Company will be listed on the Shanghai Stock Exchange.

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<b>Size of the Issuance</b>	In accordance with relevant laws and regulations and with reference to the financial condition and investment plan of the Company, the total amount of the A Share Convertible Corporate Bonds proposed to be publicly issued will not exceed RMB6 billion (RMB6 billion inclusive). The actual size of the Issuance shall be determined by the Board or its authorised persons within the above range, subject to the authorisation by the Shareholders at the Shareholders' General Meetings of the Company.
<b>Par value and issue price</b>	The A Share Convertible Corporate Bonds under the Issuance will be issued at par with a nominal value of RMB100 each.
<b>Term of the A Share Convertible Corporate Bonds</b>	The term of the A Share Convertible Corporate Bonds under the Issuance will be five years from the date of the Issuance.
<b>Coupon rate of the A Share Convertible Corporate Bonds</b>	It is proposed that the Shareholders to authorise the Board or its authorised persons at the Shareholders' General Meetings to determine the method for determination of coupon rate of the A Share Convertible Corporate Bonds and the final interest rate for the interest accrual year upon negotiation with the sponsor (the lead underwriter) in accordance with national policies, market conditions and the actual conditions of the Company, prior to the Issuance.
<b>Conversion period</b>	The conversion period of A Share Convertible Corporate Bonds shall commence on the first trading day immediately following the expiry of the six-month period after the date of the Issuance of the A Share Convertible Corporate Bonds and end on the maturity date of the A Share Convertible Corporate Bonds.

### **Mechanism for determination and adjustment of the conversion price**

#### *Basis for determining the initial conversion price*

Pursuant to the stipulations in the Administrative Measures, the initial conversion price of the A Share Convertible Corporate Bonds under the Issuance shall not be lower than average trading price of A Shares for the 20 trading days preceding the date of publication of the offering document (in the event that the A Share price was adjusted due to ex-right and ex-dividend in the preceding 20 trading days, the average trading price of A Shares on the trading days prior to the

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adjustment shall be calculated based on the price after such ex-right and ex-dividend) and the average trading price of the preceding trading date. That is, initial conversion price shall not be lower than the higher of the average trading price of A Shares for the 20 trading days preceding the date of publication of the offering document and the average trading price of the preceding trading date. The actual initial conversion price shall be determined by the Board or its authorised persons upon negotiation with the sponsor (the lead underwriter) prior to the Issuance in accordance with the market conditions, which is subject to the authorisation by the Shareholders at the Shareholders' General Meetings.

In which, the average trading price of A Shares for the preceding 20 trading days = total trading amount of A Shares for the preceding 20 trading days/total trading volume of A Shares for such 20 trading days; the average trading price of A Shares for the preceding trading day = total trading amount of A Shares for the preceding trading day/total trading volume of A Shares for such trading day.

### *Method of adjustments and calculation formula to the conversion price*

The conversion price is subject to adjustment upon the Issuance in case of certain events which affect the share capital of the Company, such as distribution of share dividends, conversion or increase of share capital, issuance of new shares or rights issue, distribution of cash dividends (excluding any increase in the share capital as a result of conversion of the A Share Convertible Corporate Bonds). The Company shall accumulatively adjust the conversion price based on order of occurrence of the abovementioned scenarios (rounded off to two decimal places). The details of the adjustment are as follows:

Distribution of share dividends or conversion or increase of share capital:  
 $P_1 = P_0 / (1 + n)$ ;

Issuance of new shares or rights issue:  $P_1 = (P_0 + A \times k) / (1 + k)$ ;

The above two events occurring concurrently:  $P_1 = (P_0 + A \times k) / (1 + n + k)$ ;

Distribution of cash dividends:  $P_1 = P_0 - D$ ;

The above three events occurring concurrently:  $P_1 = (P_0 - D + A \times k) / (1 + n + k)$ .

Where: "P<sub>0</sub>" denotes the conversion price before adjustment; "n" denotes the rate of distribution of share dividends or conversion or increase of share capital this time; "k" denotes the rate of issuance of new shares or rights issue this time; "A" denotes the price of issuance of new shares or rights issue; "D" denotes the cash dividend per share this time; "P<sub>1</sub>" denotes the adjusted effective conversion price.

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Upon occurrence of any of the abovementioned changes in shares and/or Shareholder's interests, the Company shall adjust the conversion price based on order of occurrence, and publish an announcement in relation to the adjustment of the conversion price on the media designated by the CSRC for information disclosure of listed companies. Such announcement shall indicate the date of adjustment to the conversion price, adjustment method and suspension period of share conversion (if necessary). If the conversion price adjustment date is on or after the date on which a Bondholder applies for conversion of his/her A Share Convertible Corporate Bonds but before the registration date of the A Shares to be issued upon conversion, then such conversion shall be executed based on the conversion price adjusted by the Company.

In the event that the creditor's interests or the interests derived from the share conversion of the Bondholders are affected by the change in the Company's share class, quantity and/or Shareholders' interests due to any possible share repurchase, consolidation, division or any other circumstances, the Company shall adjust the conversion price based on the actual situations and in accordance with the principles of fairness, justice and equality so as to fully protect the interests of the Bondholders. The details of adjustment to conversion price and its implementation measures shall be determined in accordance with then relevant PRC laws, regulations, rules and the relevant requirements of the securities regulatory authorities.

### *Terms of downward adjustment to conversion price*

#### (a) Authorisation and magnitude of adjustment

If, during the term of the A Share Convertible Corporate Bonds, the closing prices of A Shares on at least 15 trading days out of any 30 consecutive trading days are lower than 85% of the prevailing conversion price, the Board is entitled to propose a downward adjustment to the conversion price and submit it to the Shareholders at the Shareholders' General Meetings of the Company for their consideration and approval.

The abovementioned proposal is subject to approvals of more than two-thirds of the Shareholders with voting rights who attend the Shareholders' General Meetings. Shareholders who hold the A Share Convertible Corporate Bonds shall abstain from voting at the Shareholders' General Meetings. The adjusted conversion price shall be no less than the higher of the average trading price of the A Shares for 20 trading days preceding the date of such Shareholders' General Meetings for consideration and approval of the aforementioned proposals, and the average trading price of the A Shares on the trading day preceding the date of such meetings. At the same time, the adjusted conversion price shall not be lower than the latest audited net asset value per Share and face value of Share.

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In the event that there is an adjustment to the conversion price during the aforementioned 30 consecutive trading days, in respect of the trading days prior to the adjustment to the conversion price, the calculation shall be based on the unadjusted conversion price and the closing price of the A Shares on each such day, and in respect of the days on which adjustment to the conversion price is made and the trading days afterwards, the calculation shall be based on the adjusted conversion price and the closing price of the A Shares on each such day.

(b) Procedures of adjustment

In the event that the Company decides to adjust the conversion price downwards, the Company shall publish an announcement on media designated by the CSRC for information disclosure of listed companies. Such announcement shall disclose information including the magnitude of the adjustment, the registration date of shares, the suspension period of share conversion and other relevant information. Application for conversion at adjusted conversion price shall be resumed upon the first trading day after the registration date, i.e. the conversion price adjustment date. If the conversion price adjustment date is on or after the date on which a Bondholder applies for conversion of his/her A Share Convertible Corporate Bonds but before the registration date of the A Shares to be issued upon conversion, then such conversion shall be executed based on the adjusted conversion price.

*Method for determining the number of A Shares for conversion and treatment for remaining balance of the A Share Convertible Corporate Bonds which is insufficient to be converted into one A Share*

Where a Bondholder applies to convert his/her A Share Convertible Corporate Bonds under the Issuance during the conversion period, the formula for calculating the number of A Shares to be issued upon conversion is as below:  $Q = V/P$ , any fractional A Share shall be rounded down to the nearest whole number.

In which, “Q” denotes the number of A Shares to be converted in the application; “V” denotes the aggregate nominal value of A Share Convertible Corporate Bonds in respect of which the Bondholder applies for conversion, and “P” denotes the prevailing conversion price as at the date of application for conversion.

The number of A Shares to be converted shall be in whole number where the Bondholder applied for converting his/her A Share Convertible Corporate Bonds under the Issuance. After the application of conversion by the Bondholder, within five trading days from the date of conversion by the Bondholder, the Company shall pay the Bondholder in cash an amount equal to the remaining balance of such A Share Convertible Corporate Bonds which is insufficient to be converted into one A Share and the interest accrued on such balance in accordance with the relevant requirements of the Shanghai Stock Exchange, China Securities Depository and Clearing Corporation Limited and such other authorities.



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### *Terms of redemption*

#### (a) Terms of redemption upon maturity

Within five trading days upon the maturity of the A Share Convertible Corporate Bonds, the Company shall redeem all the A Share Convertible Corporate Bonds which have not been converted into A Shares by then. It is proposed to the Shareholders' General Meetings to authorise the Board or its authorised persons to determine the actual redemption price upon negotiation with the sponsor (the lead underwriter) with reference to the market conditions upon the Issuance.

#### (b) Terms of conditional redemption

During the conversion period of A Share Convertible Corporate Bonds, where either of the two scenarios mentioned below occurs, the Company shall have the right to redeem all or part of the outstanding A Share Convertible Corporate Bonds, at a price equal to the nominal value of A Share Convertible Corporate Bonds plus the then accrued interest.

- (1) The closing prices of A Shares during at least 15 trading days out of any 30 consecutive trading days during the conversion period are no less than 130% (130% inclusive) of the prevailing conversion price;
- (2) The total par value of the outstanding A Share Convertible Corporate Bonds is lower than RMB30 million.

Formula for calculating the accrued interest for the current period is:  $IA = B \times i \times t/365$

In which, IA denotes the accrued interest for the current period;

B denotes the aggregate nominal value of the A Share Convertible Corporate Bonds to be redeemed held by Bondholders;

i denotes the coupon rate of the A Share Convertible Corporate Bonds for the current year;

t denotes the number of days on which interest is accrued, i.e. the actual number of calendar days from the last interest payment date (inclusive) up to the redemption date of the current interest accrual year (excluding the redemption date).

In the event that an adjustment to the conversion price by the Company is made during the aforementioned 30 consecutive trading days, in respect of the trading days prior to the conversion price adjustment date, the calculation shall be based on



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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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the unadjusted conversion price and the closing price of the A Shares on each such day, and in respect of the conversion price adjustment date and the trading days after the conversion price adjustment date, the calculation shall be based on the adjusted conversion price and the closing price of the A Shares on each such day.

### *Terms of sale back*

#### (a) Terms of conditional sale back

During the last two interest accrual years within the term of the A Share Convertible Corporate Bonds under the Issuance, if the closing prices of the A Shares on any 30 consecutive trading days are lower than 70% of the prevailing conversion price, the Bondholders are entitled to sell back all or part of the A Share Convertible Corporate Bonds they hold to the Company at par plus the then accrued interest. In the event that an adjustment to the conversion price by the Company is made due to distribution of share dividends, conversion or increase of share capital, issuance of new shares or rights issue (excluding any increase in the share capital as a result of conversion of the A Share Convertible Corporate Bonds) during the aforementioned trading days, in respect of the trading days prior to the conversion price adjustment date, the calculation shall be based on the unadjusted conversion price and the closing price of the A Shares on each such day, and in respect of the conversion price adjustment date and the trading days after the conversion price adjustment date, the calculation shall be based on the adjusted conversion price and the closing price of the shares on each such day. In the event that there is a downward adjustments to the conversion price, the aforesaid “30 consecutive trading days” shall be re-counted from the first trading day following the adjustment to the conversion price.

The Bondholders can exercise their sale back rights once every year when the sale back conditions are initially satisfied according to the abovementioned agreed terms in the last two interest accrual years within the term of the A Share Convertible Corporate Bonds. If the sale back conditions are initially satisfied, but the Bondholders do not apply for and exercise their sale back rights during the sale back declaration period announced by the Company, they shall not exercise the sale back rights during such accrual years. The Bondholders are not allowed to exercise part of their sale back rights for multiple times.

#### (b) Additional terms of sale back

If the actual use of the proceeds raised from A Share Convertible Corporate Bonds significantly differs from the undertakings of the use of proceeds set out by the Company in the offering document, and such change is deemed as a deviation in the use of proceeds pursuant to relevant rules of the CSRC or is considered by the CSRC as a deviation in the use of proceeds, the Bondholders shall be entitled to a one-off right to sell all or part of the A Share Convertible Corporate Bonds back to

the Company at par plus the then accrued interest. Upon the satisfaction of the additional condition of sale back, the Bondholders may sell their A Share Convertible Corporate Bonds back to the Company during the additional sale back declaration period after it is announced by the Company. If the Bondholders do not exercise their sale back rights during such period, they shall not exercise such rights later.

### 3.2 Comparison with other market issuers of A share convertible bonds

In assessing whether the principal terms of the A Share Convertible Corporate Bonds are fair and reasonable and on normal commercial terms, we have conducted searches over the website of the Hong Kong Stock Exchange and 巨潮資訊網 (Cninfo\*, www.cninfo.com.cn, being a website designated by CSRC for the purpose of information disclosure) with companies listed on both (i) the Hong Kong Stock Exchange; (ii) the Shanghai Stock Exchange or the Shenzhen Stock Exchange of the PRC to identify transactions in nature similar to the Public Issuance of A Share Convertible Corporate Bonds (the “**Comparables**”) for comparison purpose. Through the search from 11 December 2018 up to the date of the announcement in relation to the Subscriptions, on best effort basis, an exhaustive list of 4 Comparables has been identified based on the aforesaid selection criteria.

As each of the Comparable has its own unique nature and characteristic in terms of, inter alia, business operation and environment, size, profitability and financial position, the comparison of the terms of the A Share Convertible Corporate Bonds between the Company and the Comparables may not represent an identical comparison. We, however, consider such comparison could be treated as an indication as to the reasonableness and fairness of the terms of the A Share Convertible Corporate Bonds. The relevant details of the Comparables are set forth in the table below:

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company Name	Date of announcement	Term (years)	Basis for determining coupon rate	Basis for determining initial conversion price	Terms of downward adjustment to the conversion price	Terms of redemption	Terms of sale back
The Company		5	Upon negotiation with the sponsor (the lead underwriter) in accordance with national policies, market conditions and the actual conditions of the Company, prior to the Public Issuance.	Shall not be lower than the higher of (i) the average trading price of A Shares for the 20 trading days preceding the date of publication of the offering document and (ii) the average trading price of the preceding trading day. The actual initial conversion price shall be determined by the Board or the authorised persons of the Board upon negotiation with the sponsor (the lead underwriter) prior to the Public Issuance in accordance with the market conditions, which is subject to the authorisation by the Shareholders at the Shareholders' General Meetings.	If, during the term of the A Share Convertible Corporate Bonds, the closing prices of A Shares of the Company on at least 15 trading days out of any 30 consecutive trading days are lower than 85% of the prevailing conversion price, the Board is entitled to propose a downward adjustment to the conversion price and submit it to Shareholders at the Shareholders' General Meetings for their consideration and approval.  The adjusted conversion price shall be no less than (i) the higher of the average trading price of the A Shares of the Company for 20 trading days preceding the date of such Shareholders' General Meetings for consideration and approval of the aforementioned proposal and the average trading price of the A Shares on the trading day preceding the date of such meeting; (ii) the latest audited net asset value per Share; and (iii) face value of Share.	Where either of the two scenarios mentioned below occurred, the Company shall have the right to redeem all or part of the outstanding A Share Convertible Corporate Bonds, at a price equal to the nominal value of A Share Convertible Corporate Bonds plus the then accrued interest.  (1) The closing prices of A Shares during at least 15 trading days out of any 30 consecutive trading days during the conversion period are no less than 130% (130% inclusive) of the prevailing conversion price;  (2) The total par value of the outstanding A Share Convertible Corporate Bonds is lower than RMB30 million.	During the last two interest accrual years within the term of the A Share Convertible Corporate Bonds under the Public Issuance, if the closing prices of the A Shares on any 30 consecutive trading days are lower than 70% of the prevailing conversion price, the Bondholders are entitled to sell back all or part of the A Share Convertible Corporate Bonds they hold to the Company at par plus the then accrued interest.

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company Name	Date of announcement	Term (years)	Basis for determining coupon rate	Basis for determining initial conversion price	Terms of downward adjustment to the conversion price	Terms of redemption	Terms of sale back
China Southern Airlines Company Limited (SH600029 01055.HK)	14/5/2020	6	Same	Same, except that the initial conversion price shall not be lower than all of the below:  (i) the average trading price of A shares during the 20 trading days immediately preceding the date of publication of the offering document;  (ii) the average trading price of A Shares on the trading day immediately preceding the date of publication of the offering document;  (iii) the latest audited net asset value per share; and  (iv) par value per share.	Same	Same	Same
Ganfeng Lithium Co., Ltd. (002460.SZ 01772.HK)	29/4/2019	6	Same	Same, except that the initial conversion price shall not be lower than all of the below:  (i) the average trading price of A shares during the 20 trading days immediately preceding the date of publication of the offering document;  (ii) the average trading price of A shares on the trading day immediately preceding the date of publication of the offering document.	Same, except (i) the threshold is 80% of the prevailing conversion price; and (ii) the adjusted conversion price should be no less than only the higher of the average trading price of A shares during the 20 trading days immediately preceding the date of such a general meeting and the average trading price of A shares on the trading day immediately preceding the date of such a general meeting.	Same	Same

# LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company Name	Date of announcement	Term (years)	Basis for determining coupon rate	Basis for determining initial conversion price	Terms of downward adjustment to the conversion price	Terms of redemption	Terms of sale back
Fiat Glass Group Co., Ltd. (SH601865 06865.HK)	19/4/2019	6	Same, except that the authorisation from the shareholders to the Board will also cover adjustment of the interest rate if the bank deposit interest rate has adjusted prior to the issuance.	Same	Same, except that the threshold is 90% of the prevailing conversion price.	Same	Same
Lanzhou Zhuangyuan Pasture Co., Ltd. (002910.SZ 01533.HK)	31/1/2019	6	Same	Same, except that the initial conversion price shall not be lower than all of the below:  (i) the average trading price of A shares during the 20 trading days immediately preceding the date of publication of the offering document;  (ii) the average trading price of A shares on the trading day immediately preceding the date of publication of the offering document.	Same, except (i) the threshold is 90% of the prevailing conversion price; and (ii) the adjusted conversion price should be no less than both the average trading price of A shares during the 20 trading days immediately preceding the date of such a general meeting and the average trading price of A shares on the trading day immediately preceding the date of such a general meeting.	Same	Same

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### *Determination of the coupon rate*

The coupon rate of the Public Issuance is to be determined upon negotiation with the sponsor (the lead underwriter) in accordance with national policies, market conditions and the actual conditions of the relevant companies. Therefore, the coupon rate will not be determined before the publication of the offering documents of the Public Issuance.

We have reviewed and noted from Article 16 of the Administrative Measures that the interest rate of a convertible corporate bond shall be determined by the issuing company and the sponsor (the lead underwriter) through negotiations. Therefore, it is a common practice that the coupon rate of the Public Issuance is to be determined at a later stage. Moreover, we also noted from the Comparables that their coupon rates were determined in accordance with, among others, national policies, market conditions and the then actual conditions of each comparable companies. We are therefore of the view that the coupon rate of the A Share Convertible Corporate Bonds is determined under similar mechanism in the market.

We are given to understand from the Directors that in determining the coupon rate of the A Share Convertible Corporate Bonds, the Company and the underwriter will make reference to, among others, (i) the interest rates of the convertible bonds issued recently by other PRC listed issuers with a size comparable to that of the Company; (ii) the then trading price of A shares of the Company; (iii) the then condition and investment sentiment of the PRC bond market; and (iv) the credit rates of the Company and the A Share Convertible Corporate Bonds. The ultimate coupon rate is subject to the approval of CSRC.

Taking into account the factor above, in particular that (i) it is common to determine the coupon rate after the negotiation with the sponsor (the lead underwriter); (ii) the Company and the underwriter will make reference to the then market condition and other factors as set out above when determining the coupon rate; and (iii) the determination mechanism of the coupon rate is in compliance with the applicable laws and regulations in the PRC, we concur the view of the Directors that the proposed determination mechanism of the coupon rate of the A Share Convertible Corporate Bonds is fair and reasonable so far as the Independent Shareholders are concerned.

### *Determination of the initial conversion price*

We noted that all Comparables (i) have similar conversion price determination mechanism; and (ii) the initial conversion price were not fixed and the actual initial conversion price would be determined upon negotiation with the sponsor (the lead underwriter) prior to the issuance in accordance with the then market conditions, which is subject to the authorisation by the shareholders of the relevant companies at the general meetings or class meetings.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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We noted that the bases for determining initial conversion price of all Comparables are with reference to the average trading price of A shares for the 20 trading days preceding the date of publication of the offering documents and/or the average trading price of the preceding trading day.

### *Determination and adjustment of the conversion price*

We noted that all Comparables have similar conversion price adjustment mechanism with the Public Issuance, which is based on the average trading price of A shares during the 20 trading days immediately preceding the date of such a general meeting and/or the average trading price of A shares on the trading day immediately preceding the date of such a general meeting. The adjustments to conversion price and its implementation measures shall be determined in accordance with the then relevant PRC laws, regulations, rules and the relevant requirements of the securities regulatory authorities.

We noted that all Comparables are entitled to propose a downward adjustment to the conversion price if the closing price of A share on at least 15 trading days out of any 30 consecutive trading days are lower than a thresholds ranging from 80% to 90%. The threshold under the terms of the A Share Convertible Corporate Bonds is 85%, which is within the range of the Comparables.

### *Term of redemption*

We noted that all of the Comparables have terms of redemption, including terms of redemption on maturity and terms of conditional redemption, which require the issuer to redeem the outstanding A share convertible bonds at maturity date or give right to the issuer to redeem all or part of the outstanding A share convertible bonds when (i) the closing price of A share during at least 15 trading days out of any 30 consecutive trading days during the conversion period are no less than 130% of the prevailing conversion price or (ii) the total par value of the outstanding A share convertible bonds is lower than RMB30 million. We noted that the term of redemption of the Comparables are the same as the A Share Convertible Corporate Bonds.

### *Term of sale back*

We noted that all of the Comparables have terms of sale back, which were triggered by the closing prices of the A shares of the issuer on any 30 consecutive trading days are lower than 70% of the prevailing conversion price. We noted that the term of sale back of the Comparables are the same as the A Share Convertible Corporate Bonds.

Having considered the above, in particular that (i) the terms of the A Share Convertible Corporate Bonds are in line with the market practices and are comparable to those of the Comparables; (ii) the terms of the A Share Convertible Corporate Bonds are in compliance with the Administrative Measures; and (iii) all potential subscribers of the Public Issuance will be subject to the same set of terms and conditions, we concur with the Directors that the terms of the Public Issuance (including the Subscriptions) are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned.

**4. Possible Effects of the Public Issuance of A Share Corporate Convertible Bonds****4.1 Possible financial effects to the Group**

As advised by the Directors, the Public Issuance (including the Subscriptions) would have the following financial effects to the Group:

**(i) *Earnings***

The A Share Convertible Corporate Bonds are interest bearing bonds and will mature on the fifth anniversary of the date of the Issuance. As such, it is expected that the future earnings of the Group will be reduced by the amount of interest expenses on the A Share Convertible Corporate Bonds upon their maturity, and/or early redemption at the option of the Company and/or the conversion of the A Share Convertible Corporate Bonds. Meanwhile, assuming the changes in the fair value of the conversion option derivative in relation to the A Share Convertible Corporate Bonds will be recognised in the Group's consolidated statement of profit or loss, there will be an impact on the Group's earnings and hence net profit due to the fair value change at each of the financial year end upon the maturity of the A Share Convertible Corporate Bonds, and/or early redemption at the option of the Company and/or the conversion of the A Share Convertible Corporate Bonds.

**(ii) *Net assets value***

According to the 2019 Annual Report, the net assets value of the Group attributable to the owners of the Company was approximately RMB57.08 billion as at 31 December 2019. The total proceeds from the Public Issuance are estimated to be not more than approximately RMB6 billion. Upon completion of the Public Issuance of A Share Convertible Corporate Bonds, the assets of the Group will be increased by the amount of proceeds to be raised therefrom. The A Share Convertible Corporate Bonds will be accounted for in two separate components in the consolidated statement of financial position of the Group, comprising a liability component and an equity component, at initial recognition. The liability component will be determined by using a market interest rate for an equivalent non-convertible bond and will be recorded as a non-current liability at initial recognition. The difference between the net proceeds from the Public Issuance of A Share Convertible Corporate Bonds and such liability component will be recognised as the equity component and included in the Shareholders' equity. Accordingly, a positive impact on the net asset value of the Group is expected and the actual impact of which will be determined with reference to the valuation of the equity component of the A Share Convertible Corporate Bonds.



*(iii) Gearing*

According to the 2019 Annual Report, the Group reported a gearing ratio of 1.169 as at 31 December 2019. Upon completion of the Public Issuance of the A Share Convertible Corporate Bonds, both liabilities and the Shareholders' equity are expected to increase and the change in gearing ratio depends on the proportions of liability component and equity component of the A Share Convertible Corporate Bonds. The gearing ratio of the Group may rise in the short term and following the conversion of the A Share Convertible Corporate Bonds into new A shares, the gearing ratio of the Group will be reduced.

Based on the above, we concur with the Directors' view that the proposed Public Issuance of A Share Convertible Corporate Bonds would not have any material adverse impact on the Group's financial positions.

It should be noted that the abovementioned analysis is for illustrative purposes only and does not purport to represent how the financial position of the Group will be upon the completion of the Public Issuance.

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

### 4.2 Potential dilution to the shareholding of the existing Shareholders upon the conversion of A Share Corporate Convertible Bonds

As set out in the Letter from the Board, the shareholding structures of the Company as at the Latest Practicable Date and after the Public Issuance of A Share Convertible Corporate Bonds is completed and all A Share Convertible Corporate Bonds are converted into A Shares (assuming that (i) the Company has issued the A Share Convertible Corporate Bonds at the maximum issuing amount of RMB6 billion; (ii) all the A Shareholders have subscribed for the respective maximum subscription amount of the A Share Convertible Corporate Bonds on pro-rata basis on their current shareholding; (iii) all A Share Convertible Corporate Bonds are converted into A Shares at the minimum initial conversion price of RMB4.373183 per A Share; and (iv) the Company does not issue and allot any Shares before all the A Share Convertible Corporate Bonds are converted into A Shares) (the “**Calculation Assumptions**”) are as follows (the below tables are prepared pursuant to the requirements of the Listing Rules and are for illustrative purpose only):

	As at the Latest Practicable Date			After completion of the proposed Public Issuance of A Share Convertible Corporate Bonds and conversion of all the A Share Convertible Corporate Bonds under the Calculation Assumptions		
	Number of Shares	Approximate percentage of the number of total issued A Shares	Approximate percentage of the number of total issued Shares	Number of Shares	Approximate percentage of the number of total issued A Shares	Approximate percentage of the number of total issued Shares
<b>A Shareholders</b>						
Minxi Xinghang	6,083,517,704	30.97%	23.97%	6,508,489,195	30.97%	24.33%
Directors						
Chen Jinghe (Note)	112,050,000	0.57%	0.44%	119,877,387	0.57%	0.45%
Lan Fusheng (Note)	7,730,510	0.04%	0.03%	8,270,528	0.04%	0.03%
Zou Laichang (Note)	1,623,050	0.01%	0.01%	1,736,422	0.01%	0.01%
Lin Hongfu (Note)	978,938	0.01%	0.01%	1,047,309	0.01%	0.01%
Lin Hongying (Note)	227,000	0.01%	0.01%	242,846	0.01%	0.01%
Xie Xionghui (Note)	149,000	0.01%	0.01%	159,404	0.01%	0.01%
Supervisors						
Lin Shuiqing (Note)	300,000	0.01%	0.01%	320,945	0.01%	0.01%
Liu Wenhong (Note)	26,450	0.01%	0.01%	28,279	0.01%	0.01%
Cao Sanxing (Note)	124,000	0.01%	0.01%	132,643	0.01%	0.01%
Other A Shareholders	13,433,593,294	68.35%	52.88%	14,372,013,369	68.35%	53.67%
<b>H Shareholders</b>						
Director						
Chen Jinghe	15,000,000	–	0.06%	15,000,000	–	0.06%
Supervisor						
Liu Wenhong	10,000	–	0.01%	10,000	–	0.01%
Other H Shareholders	5,721,930,000	–	22.54%	5,721,930,000	–	21.38%
	<u>25,377,259,946</u>	<u>100%</u>	<u>100%</u>	<u>26,749,258,327</u>	<u>100%</u>	<u>100%</u>

## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Note: Assuming the Relevant Directors have not disposed of their interests in the Employee Stock Ownership Scheme after the expiry date of lock-up period of the Employee Stock Ownership Scheme, i.e. 7 June 2020, the maximum interests of the Relevant Directors (inclusive of their interests in the Employee Stock Ownership Scheme) and the Supervisors as at the Latest Practicable Date and after the proposed Public Issuance of A Share Convertible Corporate Bonds is completed and all A Share Convertible Corporate Bonds are converted into A Shares under the Calculation Assumptions are set out and summarised as follows, for illustrative purpose only:

	As at the Latest Practicable Date					After completion of the proposed Public Issuance of A Share Convertible Corporate Bonds and conversion of all the A Share Convertible Corporate Bonds under the Calculation Assumptions				
	Number of A Shares (Note)	Number of H Shares	Number of total Shares (Note)	Approximate percentage of the number of total issued	Approximate percentage of the number of total issued	Number of A Shares (Note)	Number of H Shares	Number of total Shares (Note)	Approximate percentage of the number of total issued	Approximate percentage of the number of total issued
				A Shares	Shares				A Shares	Shares
Directors										
Chen Jinghe	122,050,000	15,000,000	137,050,000	0.62%	0.54%	130,575,940	15,000,000	145,575,940	0.62%	0.54%
Lan Fusheng	9,730,510	–	9,730,510	0.05%	0.04%	10,410,220	–	10,410,220	0.05%	0.04%
Zou Laichang	3,121,442	–	3,121,442	0.02%	0.01%	3,339,475	–	3,339,475	0.02%	0.01%
Lin Hongfu	2,474,115	–	2,474,115	0.01%	0.01%	2,646,918	–	2,646,918	0.01%	0.01%
Lin Hongying	1,725,392	–	1,725,392	0.01%	0.01%	1,845,899	–	1,845,899	0.01%	0.01%
Xie Xionghui	743,855	–	743,855	0.01%	0.01%	795,808	–	795,808	0.01%	0.01%
Supervisor										
Lin Shuiqing	300,000	–	300,000	0.01%	0.01%	320,945	–	320,945	0.01%	0.01%
Liu Wenhong	26,450	10,000	36,450	0.01%	0.01%	28,279	10,000	38,279	0.01%	0.01%
Cao Sanxing	124,000	–	124,000	0.01%	0.01%	132,643	–	132,643	0.01%	0.01%

Note: Inclusive of their interests in the Employee Stock Ownership Scheme

As shown in the table above, assuming the Public Issuance of A Share Convertible Corporate Bonds is completed and all A Share Convertible Corporate Bonds are converted into A Shares, (i) the shareholding of the public A Shareholders will be increased from approximately 52.88% to approximately 53.67%; and (ii) the shareholding of the public H Shareholders will be decreased from approximately 22.54% to approximately 21.38%. As such, the overall shareholding of the public Shareholders will be slightly decreased from approximately 75.42% as at the Latest Practicable Date to approximately 75.05% immediately after the completion of the Public Issuance of A Share Convertible Corporate Bonds and conversion of all the A Share Convertible Corporate Bonds, assuming (i) the Company has issued the A Share Convertible Corporate Bonds at the maximum issuing amount of RMB6 billion; (ii) all the A Shareholders have subscribed for the respective maximum subscription amount of the A Share Convertible Corporate Bonds on pro-rata basis on their current shareholding; (iii) all A Share Convertible Corporate Bonds are converted into A Shares at the minimum initial conversion price of RMB4.373183 per A Share; and (iv) the Company does not issue and allot any Shares before all the A Share Convertible Corporate Bonds are converted into A Shares.

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## LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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Taking into account of (i) the reasons for and benefits of the Public Issuance of A Share Corporate Convertible Bonds and Subscriptions as set out in the section headed “2.1 Reasons for and benefits of the Public Issuance of A Share Corporate Convertible Bonds and the Subscriptions” in this letter; and (ii) the principal terms of the Public Issuance that are fair and reasonable so far as the Independent Shareholders are concerned, we are of the view that the dilution effect of the overall shareholding of the public Shareholders is acceptable.

### RECOMMENDATION AND CONCLUSION

Having taken into account the above-mentioned principal factors and reasons, in particular (i) the reasons for and benefits of the Public Issuance of A Share Corporate Convertible Bonds and Subscriptions as set out in the section headed “2.1 Reasons for and benefits of the Public Issuance of A Share Corporate Convertible Bonds and the Subscriptions” in this letter; (ii) the details of the Public Issuance of A Share Corporate Convertible Bonds as set out in the section headed “3. The terms of the Public Issuance of A Share Corporate Convertible Bonds and the Subscriptions” in this letter; (iii) the financing alternatives considered by the Company as set out in the section headed “2.2 Financing alternatives of the Company” in this letter; (iv) our analysis on the fairness and reasonableness of the terms of Public Issuance of A Share Convertible Corporate Bonds as set out in the section headed “3.2 Comparison with other market issuers of A share convertible bonds” in this letter; and (v) the potential effects on the Group’s financial and the shareholding of the existing Shareholdings as set out in the section headed “4. Possible Effects of the Public Issuance of A Share Corporate Convertible Bonds” in this letter, we are of the view that although the Public Issuance of A Share Corporate Convertible Bonds and the Subscriptions are not conducted in the ordinary and usual course of the business of the Group, the Subscriptions and the transactions contemplated thereunder is in the interests of the Company and the Shareholders as a whole, and the terms of the Subscriptions are on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to recommend the Independent Shareholders, to vote in favour of the relevant proposal to be proposed at the EGM to approve the Subscriptions and the transactions contemplated thereunder.

\* *for identification purpose only*

Yours faithfully,  
For and on behalf of  
**Messis Capital Limited**

**Vincent Cheung**  
*Managing Director*

*Mr. Vincent Cheung is a licensed person registered with the Securities and Futures Commission and regarded as a responsible officer of Mesis Capital Limited to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO and has over 12 years of experience in corporate finance industry.*



**Zijin Mining Group Co., Ltd.\***

**Plan of the Public Issuance of A Share Convertible Corporate  
Bonds for the Year 2020**

**June 2020**

**DECLARATION OF THE ISSUER**

1. The Company and all members of the Board hereby warrant that the contents contained in the Plan are true, accurate and complete, and there are no false representations or misleading statements contained herein, or material omissions from this Plan, and jointly and severally accept legal responsibility for the truthfulness, accuracy and completeness for the contents contained in the Plan.
2. After the completion of the Public Issuance of A Share Convertible Corporate Bonds, the Company will bear the changes in operation and revenue of the Company. Any investment risks arising from the Public Issuance of A Share Convertible Corporate Bonds shall be borne by the investors.
3. The Plan serves as a description of the Board of the Company on the Public Issuance of A Share Convertible Corporate Bonds, and any contradictory statement constitutes misinterpretation.
4. Investors shall consult their stockbrokers, solicitors, professional accountants or other professional advisors for any questions and doubt.
5. Matters mentioned in the Plan do not represent any substantive judgement, confirmation, authorisation or approval from the approving authorities regarding the Public Issuance of A Share Convertible Corporate Bonds. Effectiveness and completion of the matters relating to the Public Issuance of A Share Convertible Corporate Bonds mentioned in the Plan shall be subject to approval or authorisation by relevant authorities.

**IMPORTANT NOTES**

1. The relevant matters of the Public Issuance of Renminbi-denominated ordinary A Share Convertible Corporate Bonds in the PRC (hereinafter the “Issuance”, “Issuance of A Share Convertible Corporate Bonds” or “Public Issuance of A Share Convertible Corporate Bonds”) were considered and approved at the twelfth extraordinary meeting in 2020 of the seventh term of the Board of the Company held on 12 June 2020. Pursuant to provisions in relevant laws and regulations, the implementation of the Issuance of A Share Convertible Corporate Bonds shall be subject to the approval at the Shareholders’ General Meetings of the Company and the approvals of the CSRC.
2. The total amount of proceeds proposed to be raised from the proposed Public Issuance of A Share Convertible Corporate Bonds will not exceed RMB6 billion (RMB6 billion inclusive), which is proposed to be used for the following projects after deduction of issuance expenses:

Unit: RMB billion

Project name	Total project investment	Amount of proceeds raised to be invested
The Kamo-a-Kakula Copper Mine project of Kamo-a Holding Limited in the DR Congo	5.1635074	3.14
Mining and processing project in the Upper Zone of the Timok Copper and Gold Mine of Rakita Exploration d.o.o. Bor in Serbia	3.3619773	2.18
Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd.	0.9475115	0.68
<b>Total</b>	<b>9.4729962</b>	<b>6</b>

Notes:

1. The total investment in the Kakula Project and Timok Project is calculated based on the middle rate of foreign exchange rate quotation of USD1:RMB7.0865 of China Foreign Exchange Trade System on 12 June 2020.
2. The total investment in the Kakula Project is calculated based on the shareholding percentage of 49.50% held by the Company.

After the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the Company will invest the proceeds in the abovementioned projects in accordance with the actual need and priority of the projects. If the total investment of the projects exceeds the use of the proceeds raised, the amount of difference shall be self-financed by the Company. If the actual net amount of proceeds raised from the total proceeds raised under the Issuance after deduction of issuance expenses is less than the actual amount of funds required for the investment projects, the Company will make up the shortfall by self-financing.

Before the proceeds raised in the Issuance are deposited in the account, the Company will invest in the projects by self-financing first. And after the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the fund that have been invested in the projects shall be replaced according to relevant laws, regulations and procedures.

3. According to the “Notice in relation to Further Implementing Cash Dividend Distribution of Listed Companies” (Zheng Jian Fa [2012] No. 37) and “Regulatory Guidelines of Listed Companies No. 3 – Cash Dividends of Listed Companies” (Zheng Jian Fa [2013] No. 43) issued by the CSRC, based on the actual situation of the Company, the Company further refines the dividend distribution policies. For relevant information of the Company’s profit distribution policies, cash dividends distributed in the recent three years, profit distribution plan for the next three years, etc., please refer to the relevant disclosure in VI. Formulation and execution of profit distribution policies of the Company in this Plan.
4. The effective period of the resolution in relation to the Public Issuance of the A Share Convertible Corporate Bonds is 12 months from the date of consideration and approval at the Shareholders’ General Meetings.



### DEFINITIONS

In this Plan, unless otherwise indicated in the context, the following expressions have the meanings set out below:

#### Definitions for frequently-used and professional terms

Issuer, Zijin Mining or Company	Zijin Mining Group Co., Ltd.* (紫金礦業集團股份有限公司)
Issuance, Public Issuance, Public Issuance of A Share Convertible Corporate Bonds	the act of public issuance of A Share Convertible Corporate Bonds of Zijin Mining Group Co., Ltd.*
Plan	Plan of the Public Issuance of A Share Convertible Corporate Bonds for the Year 2020 of Zijin Mining Group Co., Ltd.*
Projects to be Invested by the Proceeds Raised	the projects to be invested by the proceeds raised from the Public Issuance of A Share Convertible Corporate Bonds, i.e. the Kamoa-Kakula Copper Mine project of Kamoa Holding Limited in the DR Congo, mining and processing project in the Upper Zone of the Timok Copper and Gold Mine of Rakita Exploration d.o.o. Bor in Serbia and mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd.
RMB	Renminbi
USD	United States Dollars, the lawful currency of the United States
Articles of Association	articles of association of Zijin Mining Group Co., Ltd.*
CSRC	China Securities Regulatory Commission
Administrative Measures	Administrative Measures for the Issuance of Securities by Listed Companies
Gold Mountains (H.K.)	Gold Mountains (H.K.) International Mining Company Limited, a wholly-owned subsidiary of the Company

Nevsun	Nevsun Resources Ltd.
Kakula Project	The Kamo-a-Kakula Copper Mine project of Kamo-a Holding Limited in the DR Congo
Timok Project	Mining and processing project in the Upper Zone of the Timok Copper and Gold Mine of Rakita Exploration d.o.o. Bor in Serbia
Grade 333 or above	Grade 333 represents the inferred intrinsic economic resources; above grade 333 represents the economic significance having surpassed the inferred intrinsic economic resources, the stage of feasibility study having surpassed the stage of probable study, and geological assurance having surpassed the inferred resources volume
Hydrometallurgy	Hydrometallurgy is a process of adding ores, concentrates after ore processing and enrichment or other raw materials to solutions or other liquids to turn the useful metals in the raw materials into liquid phase through chemical reactions, separating and enriching various useful metals in the liquid, and finally recovering them in the form of metals or other compounds

Unless otherwise indicated, all the figures in the Plan are rounded off to two decimal places. The rounding off may result in the total amount of figures being different from the last digits of the summation amount.

**I. BASIC INFORMATION OF THE ISSUER**

Chinese name: 紫金礦業集團股份有限公司

English name: Zijin Mining Group Co., Ltd.\*

Stock listing place: Shanghai Stock Exchange, Hong Kong Stock Exchange

Stock abbreviation: Zijin Mining

Stock code: 601899.SH, 02899.HK

Date of incorporation: 6 September 2000

Date of listing: April 2008 (China A Shares), December 2003 (Hong Kong H Shares)

Registered capital: RMB2,537,725,994.6

Registered address: No. 1 Zijin Road, Shanghang County

Legal representative: Chen Jinghe

Secretary to the Board: Zheng Youcheng

Telephone: 86-0592-2933662

Contact Fax: 86-0592-2933580

Office address: No. 1 Zijin Road, Shanghang County

Postal code: 364200

Company website: [www.zjky.cn](http://www.zjky.cn)

Unified social credit code: 91350000157987632G

Business scope: exploration of minerals; mining and processing of gold ores; gold refinery; mining and processing of copper ores; copper refinery; integration service on information and technology systems; consultation service on information and technology; sales of jewellery and ornaments, crafts and arts products, mineral products, machinery and equipment, chemical products (excluding dangerous chemical products and precursor chemicals products of poisons); hydropower generation; investment in the mining industry, hotel industry and construction industry; foreign trade; land transportation of general goods; land transportation of hazardous goods. Open pit mining of copper and gold ores, underground mining of copper; research and development of mining engineering technology, mining machinery and equipment specifically for use in metallurgy; manufacture of mining machinery and equipment specifically for use in metallurgy; tourist accommodations (only for branches). (Items which require approvals under the law shall be subject to the approval from the relevant departments before the commencement of business).

**II. EXPLANATION OF FULFILLING THE CONDITIONS FOR THE PUBLIC  
ISSUANCE**

Pursuant to provisions and requirements in Company Law of the PRC, Securities Law of the PRC, the Administrative Measures and other relevant laws, regulations and regulatory documents, the Board conducted self-checking of all qualifications, conditions and requirements of public issuance of convertible corporate bonds of listed companies item by item and considers that the Company meets the various stipulations and requirements of the relevant laws, regulations and regulatory documents of the PRC in respect of public issuance of convertible corporate bonds of listed companies and is qualified to publicly issue convertible corporate bonds.

**III. SUMMARY OF THE PROPOSAL ON THE PUBLIC ISSUANCE OF A SHARE  
CONVERTIBLE CORPORATE BONDS****(1) Type of securities to be issued**

The type of the securities to be issued is convertible corporate bonds which can be converted into A Shares of the Company. The A Share Convertible Corporate Bonds and A Shares to be converted in the future of the Company will be listed on the Shanghai Stock Exchange.

**(2) Size of the Issuance**

In accordance with relevant laws and regulations and with reference to the financial condition and investment plan of the Company, the total amount of the A Share Convertible Corporate Bonds proposed to be publicly issued will not exceed RMB6 billion (RMB6 billion inclusive). The actual size of the Issuance shall be determined by the Board or its authorised persons within the above range, subject to the authorisation by the Shareholders at the Shareholders' General Meetings of the Company.

**(3) Par value and issue price**

The A Share Convertible Corporate Bonds under the Issuance will be issued at par with a nominal value of RMB100 each.

**(4) Term of the A Share Convertible Corporate Bonds**

The term of the A Share Convertible Corporate Bonds under the Issuance will be five years from the date of the Issuance.

**(5) Coupon rate of the A Share Convertible Corporate Bonds**

It is proposed that the Shareholders to authorise the Board or its authorised persons at the Shareholders' General Meetings to determine the method for determination of coupon rate of the A Share Convertible Corporate Bonds and the final interest rate for the interest accrual year upon negotiation with the sponsor (the lead underwriter) in accordance with national policies, market conditions and the actual conditions of the Company, prior to the Issuance.

**(6) Timing and method of repayment of principal and interest payment**

The A Share Convertible Corporate Bonds under the Issuance adopts the payment method that interest shall be paid on an annual basis. When the A Share Convertible Corporate Bonds mature, the principal shall be repaid and the interest for the last year shall be paid.

**1. Calculation of annual interest**

Annual interest means the interest accrued to a Bondholder in each year on each anniversary of the date of Issuance of the A Share Convertible Corporate Bonds which is calculated based on the aggregate nominal value of the A Share Convertible Corporate Bonds held by him/her.

The formula for calculating the annual interest is:  $I=B \times i$

In which, I denotes the annual interest;

B denotes the aggregate nominal value of the A Share Convertible Corporate Bonds under the Issuance held by a Bondholder as at the record date for interest payment in an interest accrual year (“that year” or “each year”);

i denotes the coupon rate of the A Share Convertible Corporate Bonds under the Issuance of that year.

**2. Method of repayment of principal and interest payment**

- (1) Interest of the A Share Convertible Corporate Bonds under the Issuance shall be paid annually, accruing from the date of the Issuance of the A Share Convertible Corporate Bonds.
- (2) Interest payment date: the interest is payable annually on each anniversary of the date of Issuance of the A Share Convertible Corporate Bonds. If such date falls on a statutory holiday or rest day, the interest payment date shall be postponed to the first trading day immediately thereafter, provided that no additional interest will be accrued during the period of postponement. The period between an interest payment date and the immediately following interest payment date shall be an interest accrual year. Matters in relation to interest and the ownership of share dividend in the year of conversion shall be determined by the Board or its authorised persons according to relevant laws, regulations and provisions of the Shanghai Stock Exchange.

- (3) Record date for interest payment: the record date for interest payment in each year shall be the last trading day preceding the interest payment date. The Company shall pay the interest accrued in that year within five trading days from the interest payment date. The Company shall not pay any interest for that year and subsequent interest accrual years to the Bondholders whose A Share Convertible Corporate Bonds have been applied to be converted into A Shares on or before the record date for interest payment.
- (4) Within five trading days from the maturity date of the A Share Convertible Corporate Bonds under the Issuance, the Company shall repay all the principal and interest for the last year of the unconverted A Share Convertible Corporate Bonds in maturity.
- (5) Tax payable on the interest income of a Bondholder under the Issuance shall be borne by such Bondholder.

**(7) Conversion period**

The conversion period of the A Share Convertible Corporate Bonds shall commence on the first trading day immediately following the expiry of the six-month period after the date of the Issuance of the A Share Convertible Corporate Bonds, and end on the maturity date of the A Share Convertible Corporate Bonds.

**(8) Determination and adjustment of the conversion price**

**1. Basis for determining the initial conversion price**

Pursuant to the stipulations in the Administrative Measures, the initial conversion price of the A Share Convertible Corporate Bonds under the Issuance shall not be lower than average trading price of A Shares for the 20 trading days preceding the date of publication of the offering document (in the event that the A Share price was adjusted due to ex-right and ex-dividend in the preceding 20 trading days, the average trading price of A Shares on the trading days prior to the adjustment shall be calculated based on the price after such ex-right and ex-dividend) and the average trading price of the preceding trading day. That is, initial conversion price shall not be lower than the higher of the average trading price of A Shares for the 20 trading days preceding the date of publication of the offering document and the average trading price of the preceding trading day. The actual initial conversion price shall be determined by the Board or its authorised persons upon negotiation with the sponsor (the lead underwriter) prior to the Issuance in accordance with the market conditions, which is subject to the authorisation by the Shareholders at the Shareholders' General Meetings.

In which, the average trading price of A Shares for the preceding 20 trading days = total trading amount of A Shares for the preceding 20 trading days/total trading volume of A Shares for such 20 trading days; the average trading price of A Shares for the preceding trading day = total trading amount of A Shares for the preceding trading day/total trading volume of A Shares for such trading day.

## 2. Method of adjustments and calculation formula to the conversion price

The conversion price is subject to adjustment upon the Issuance in case of certain events which affect the share capital of the Company, such as distribution of share dividends, conversion or increase of share capital, issuance of new shares or rights issue, distribution of cash dividends (excluding any increase in the share capital as a result of conversion of the A Share Convertible Corporate Bonds). The Company shall accumulatively adjust the conversion price based on order of occurrence of the abovementioned scenarios (rounded off to two decimal places). The details of the adjustment are as follows:

Distribution of share dividends or conversion or increase of share capital:  $P_1 = P_0/(1+n)$ ;

Issuance of new shares or rights issue:  $P_1 = (P_0 + A \times k)/(1+k)$ ;

The above two events occurring concurrently:  $P_1 = (P_0 + A \times k)/(1+n+k)$ ;

Distribution of cash dividends:  $P_1 = P_0 - D$ ;

The above three events occurring concurrently:  $P_1 = (P_0 - D + A \times k)/(1 + n + k)$ .

Where: “ $P_0$ ” denotes the conversion price before adjustment; “ $n$ ” denotes the rate of distribution of share dividends or conversion or increase of share capital this time; “ $k$ ” denotes the rate of issuance of new shares or rights issue this time; “ $A$ ” denotes the price of issuance of new shares or rights issue this time; “ $D$ ” denotes the cash dividend per Share this time; “ $P_1$ ” denotes the adjusted effective conversion price.

Upon occurrence of any of the abovementioned changes in shares and/or Shareholder’s interests, the Company shall adjust the conversion price based on order of occurrence, and publish an announcement in relation to the adjustment of the conversion price on the media designated by the CSRC for information disclosure of listed companies. Such announcement shall indicate the date of adjustment to the conversion price, adjustment method and suspension period of share conversion (if necessary). If the conversion price adjustment date is on or after the date on which a Bondholder applies

for conversion of his/her A Share Convertible Corporate Bonds but before the registration date of the A Shares to be issued upon conversion, then such conversion shall be executed based on the conversion price adjusted by the Company.

In the event that the creditor's interests or the interests derived from the share conversion of the Bondholders are affected by the change in the Company's share class, quantity and/or Shareholders' interests due to any possible share repurchase, consolidation, division or any other circumstances, the Company shall adjust the conversion price based on the actual situations and in accordance with the principles of fairness, justice and equality so as to fully protect the interests of the Bondholders. The details of adjustment to conversion price and its implementation measures shall be determined in accordance with then relevant PRC laws, regulations, rules and the relevant requirements of the securities regulatory authorities.

**(9) Terms of downward adjustment to conversion price**

**1. Authorisation and magnitude of adjustment**

If, during the term of the A Share Convertible Corporate Bonds, the closing prices of A Shares of the Company on at least 15 trading days out of any 30 consecutive trading days are lower than 85% of the prevailing conversion price, the Board is entitled to propose a downward adjustment to the conversion price and submit it to the Shareholders at the Shareholders' General Meetings for their consideration and approval.

The abovementioned proposal is subject to approvals of more than two-thirds of the Shareholders with voting rights who attend the Shareholders' General Meetings. Shareholders who hold the A Share Convertible Corporate Bonds shall abstain from voting at the Shareholders' General Meetings. The adjusted conversion price shall be no less than the higher of the average trading price of the A Shares of the Company for 20 trading days preceding the date of such Shareholders' General Meetings for consideration and approval of the aforementioned proposals and the average trading price of the A Shares on the trading day preceding the date of such meetings. At the same time, the adjusted conversion price shall not be lower than the latest audited net asset value per Share and face value of Share of the Company.

In the event that there is an adjustment to the conversion price during the aforementioned 30 consecutive trading days, in respect of the trading days prior to the adjustment to the conversion price, the calculation shall be based on the unadjusted conversion price and the closing price of the A Shares on each such day, and in respect of the days on which adjustment to the conversion price is made and the trading days afterwards, the calculation shall be based on the adjusted conversion price and the closing price of the A Shares on each such day.



## 2. Procedures of adjustment

In the event that the Company decides to adjust the conversion price downwards, the Company shall publish an announcement on media designated by the CSRC for information disclosure of listed companies. Such announcement shall disclose information including the magnitude of the adjustment, the registration date of shares, the suspension period of share conversion and other relevant information. Application for conversion at adjusted conversion price shall be resumed upon the first trading day after the registration date, i.e. the conversion price adjustment date. If the conversion price adjustment date is on or after the date on which a Bondholder applies for conversion of his/her A Share Convertible Corporate Bonds but before the registration date of the A Shares to be issued upon conversion, then such conversion shall be executed based on the adjusted conversion price.

### **(10) Method for determining the number of A Shares for conversion and treatment for remaining balance of the A Share Convertible Corporate Bonds which is insufficient to be converted into one A Share**

Where a Bondholder applies to convert his/her A Share Convertible Corporate Bonds under the Issuance during the conversion period, the formula for calculating the number of A Shares to be issued upon conversion is as below:  $Q = V/P$ , any fractional A Share shall be rounded down to the nearest whole number.

In which, “Q” denotes the number of A Shares to be converted in the application; “V” denotes the aggregate nominal value of A Share Convertible Corporate Bonds in respect of which the Bondholder applies for conversion, and “P” denotes the prevailing conversion price as at the date of application for conversion.

The number of A Shares to be converted shall be in whole number where the Bondholder applied for converting his/her A Share Convertible Corporate Bonds under the Issuance. After the application of conversion by the Bondholder, within five trading days from the date of conversion by the Bondholder, the Company shall pay the Bondholder in cash an amount equal to the remaining balance of such A Share Convertible Corporate Bonds which is insufficient to be converted into one A Share and the interest accrued on such balance in accordance with the relevant requirements of the Shanghai Stock Exchange, China Securities Depository and Clearing Corporation Limited and such other authorities.

**(11) Terms of redemption****1. Terms of redemption upon maturity**

Within five trading days upon the maturity of the A Share Convertible Corporate Bonds, the Company shall redeem all the A Share Convertible Corporate Bonds which have not been converted into A Shares by then. It is proposed to the Shareholders' General Meetings to authorise the Board or its authorised persons to determine the actual redemption price upon negotiation with the sponsor (the lead underwriter) with reference to the market conditions upon the Issuance.

**2. Terms of conditional redemption**

During the conversion period of A Share Convertible Corporate Bonds, where either of the two scenarios mentioned below occurs, the Company shall have the right to redeem all or part of the outstanding A Share Convertible Corporate Bonds, at a price equal to the nominal value of A Share Convertible Corporate Bonds plus then accrued interest.

- (1) The closing prices of A Shares during at least 15 trading days out of any 30 consecutive trading days during the conversion period are no less than 130% (130% inclusive) of the prevailing conversion price;
- (2) The total par value of the outstanding A Share Convertible Corporate Bonds is lower than RMB30 million.

Formula for calculating the accrued interest for the current period is:  $IA = B \times i \times t / 365$

In which, IA denotes the accrued interest for the current period;

B denotes the aggregate nominal value of the A Share Convertible Corporate Bonds to be redeemed held by Bondholders;

i denotes the coupon rate of the A Share Convertible Corporate Bonds for the current year;

t denotes the number of days on which interest is accrued, i.e. the actual number of calendar days from the last interest payment date (inclusive) up to the redemption date of the current interest accrual year (excluding the redemption date).

In the event that an adjustment to the conversion price by the Company is made during the aforementioned 30 consecutive trading days, in respect of the trading days prior to the conversion price adjustment date, the calculation shall be based on the unadjusted conversion price and the closing price of the A Shares on each such day, and

in respect of the conversion price adjustment date and the trading days after the conversion price adjustment date, the calculation shall be based on the adjusted conversion price and the closing price of the A Shares on each such day.

**(12) Terms of sale back**

**1. Terms of conditional sale back**

During the last two interest accrual years within the term of the A Share Convertible Corporate Bonds under the Issuance, if the closing prices of the A Shares of the Company on any 30 consecutive trading days are lower than 70% of the prevailing conversion price, the Bondholders are entitled to sell back all or part of the A Share Convertible Corporate Bonds they hold to the Company at par plus the then accrued interest. In the event that an adjustment to the conversion price by the Company is made due to distribution of share dividends, conversion or increase of share capital, issuance of new shares or rights issue, distribution of cash dividends (excluding any increase in the share capital as a result of conversion of the A Share Convertible Corporate Bonds) during the aforementioned trading days, in respect of the trading days prior to the conversion price adjustment date, the calculation shall be based on the unadjusted conversion price and the closing price of the A Shares on each such day, and in respect of the conversion price adjustment date and the trading days after the conversion price adjustment date, the calculation shall be based on the adjusted conversion price and the closing price of the A Shares on each such day. In the event that there is a downward adjustment to the conversion price, the aforesaid “30 consecutive trading days” shall be re-counted from the first trading day following the adjustment to the conversion price.

The Bondholders can exercise their sale back rights once every year when the sale back conditions are initially satisfied according to the abovementioned agreed terms in the last two interest accrual years within the term of the A Share Convertible Corporate Bonds. If the sale back conditions are initially satisfied, but the Bondholders do not apply for and exercise their sale back rights during the sale back declaration period then announced by the Company, they shall not exercise the sale back rights during such interest accrual years. The Bondholders are not allowed to exercise part of their sale back rights for multiple times.

**2. Additional terms of sale back**

If the actual use of the proceeds raised from A Share Convertible Corporate Bonds significantly differs from the undertakings of the use of proceeds set out by the Company in the offering document, and such change is deemed as a deviation in the use of proceeds pursuant to relevant rules of the CSRC or is considered by the CSRC as a deviation in the use of proceeds, the Bondholders shall be entitled to a one-off right to sell all or part of the A Share Convertible Corporate Bonds back to the Company at par plus then accrued

interest. Upon the satisfaction of the additional condition of sale back, the Bondholders may sell their A Share Convertible Corporate Bonds back to the Company during the additional sale back declaration period after it is announced by the Company. If the Bondholders do not exercise their sale back rights during such period, they shall not exercise such rights later. For the calculation of accrued interest for the current period, please refer to relevant content of (11) Terms of redemption.

**(13) Entitlement to dividend in the year of conversion**

The new A Shares to be issued as a result of the conversion of A Share Convertible Corporate Bonds shall rank pari passu with all the existing A Shares, and all ordinary A Shareholders (including those derived from the conversion of the A Share Convertible Corporate Bonds) whose names are recorded on the register of members of the Company after the market closes on the record date for dividend distribution shall be entitled to receive the dividend of that period and enjoy equal rights and interests.

**(14) Method of the Issuance and target subscribers**

The specific method of the Issuance of the A Share Convertible Corporate Bonds shall be determined by the Board or its authorised persons upon negotiation with the sponsor (the lead underwriter) of the Issuance, which is subject to authorisation by the Shareholders at the Shareholders' General Meetings.

The target subscribers of the A Share Convertible Corporate Bonds are natural persons, legal persons, securities investment funds and other investors in compliance with legal requirements who have maintained securities accounts in the China Securities Depository and Clearing Corporation Limited Shanghai Branch (excluding those prohibited by the PRC laws and regulations).

**(15) Subscription arrangement for the existing A Shareholders**

The existing A Shareholders are entitled to the right to subscribe for the A Share Convertible Corporate Bonds in priority. The existing A Shareholders have the right to surrender such rights. The proportion of subscription in priority by the existing A Shareholders shall be determined by the Board or its authorised persons in accordance with the conditions upon the Issuance, subject to the authorisation by the Shareholders at the Shareholders' General Meetings, and shall be disclosed in the issuance announcements of the A Share Convertible Corporate Bonds.

The A Share Convertible Corporate Bonds which are not subject to the abovementioned priority in subscription by existing A Shareholders and are not subscribed by the existing A Shareholders in priority will be offered to institution investors offline or issued by way of online pricing through the trading system of the Shanghai Stock Exchange, and the remaining

balance will be underwritten by the underwriters. Details of the issuance method shall be determined by the Board or its authorised persons and the sponsor (the lead underwriter) of the Issuance, which is subject to authorisation by the Shareholders at the Shareholders' General Meetings.

**(16) Relevant matters of Bondholders' meetings**

A Share Convertible Corporate Bondholders' meetings ("Bondholders' meetings") shall be convened by the Board. The Board shall convene a Bondholders' meeting within 30 days of receiving the proposal to convene the Bondholders' meeting. The notice of the meeting shall be issued 15 days before convening the meeting to all Bondholders and concerned parties to participate in the meeting, and shall be announced on media designated by the Company for information disclosure. The notice of the meeting shall indicate the specific time, venue, agenda, way of convening the meeting and other information. The abovementioned matters shall be determined by the Board.

A Bondholders' meeting shall be convened by the Board upon the occurrence of any of the following events during the term of the A Share Convertible Corporate Bonds:

1. the Company proposes to change the terms of the offering document of the A Share Convertible Corporate Bonds;
2. the Company is unable to pay the principal and interest of the A Share Convertible Corporate Bonds for the current period on time;
3. the Company proposes to amend the Rules for A Share Convertible Corporate Bondholders' Meetings;
4. the Company undertakes a capital reduction (except for capital reduction due to the capital reduction under share incentive scheme), consolidation, division, dissolution or files for bankruptcy;
5. material change occurs to guarantor (if any) or collateral (if any);
6. the Company's management is unable to execute the responsibility as usual, which leads to severe uncertainties in the solvency capability of the Company, and actions are required to be taken according to laws;
7. the Company proposes a debt restructuring plan;
8. issues that will generate material and substantial impact on the interests of the Bondholders occur; and

9. other matters which shall be considered and approved at a Bondholders' meeting, according to provisions of law, regulations, rules, regulatory documents, the CSRC, the Shanghai Stock Exchange and the Rules for A Share Convertible Corporate Bondholders' Meetings.

The Bondholders holding over 10% of the outstanding A Share Convertible Corporate Bonds separately or in aggregate, the Board or other entities or persons prescribed by laws, regulations and the CSRC can propose to convene a Bondholders' meeting in a written form.

The Company shall provide the method to protect the interests of the Bondholders, rights, procedures and conditions to effectuate the resolutions of the Bondholders' meetings in the offering document of the Issuance.

**(17) Use of proceeds**

The total amount of proceeds proposed to be raised from the proposed Public Issuance of A Share Convertible Corporate Bonds will not exceed RMB6 billion (RMB6 billion inclusive), which is proposed to be used for the following projects after deduction of issuance expenses:

Unit: RMB billion

<b>Project name</b>	<b>Total project investment</b>	<b>Amount of proceeds raised to be invested</b>
The Kamoa-Kakula Copper Mine project of Kamoa Holding Limited in the DR Congo	5.1635074	3.14
Mining and processing project in the Upper Zone of the Timok Copper and Gold Mine of Rakita Exploration d.o.o. Bor in Serbia	3.3619773	2.18
Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd.	0.9475115	0.68
<b>Total</b>	<b>9.4729962</b>	<b>6</b>

Notes:

- The total investment in the Kakula Project and Timok Project is calculated based on the middle rate of foreign exchange rate quotation of USD1:RMB7.0865 of China Foreign Exchange Trade System on 12 June 2020.
- The total investment in the Kakula Project is calculated based on the shareholding percentage of 49.50% held by the Company.

After the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the Company will invest the proceeds in the abovementioned projects in accordance with the actual need and priority of the projects. If the total investment of the projects exceeds the use of the proceeds raised, the amount of difference shall be self-financed by the Company. If the actual net amount of proceeds raised from the total proceeds raised under the Issuance after deduction of issuance expenses is less than the actual amount of funds required for the investment projects, the Company will make up the shortfall by self-financing.

Before the proceeds raised in the Issuance are deposited in the account, the Company will invest in the projects by self-financing first. And after the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the fund that have been invested in the projects shall be replaced according to relevant laws, regulations and procedures.

**(18) Rating**

A credit rating agency will issue a credit rating report in respect of the Issuance of A Share Convertible Corporate Bonds.

**(19) Management and deposit for proceeds raised**

The Company has formulated relevant rules for managing the proceeds raised. The proceeds raised from the Issuance of A Share Convertible Corporate Bonds shall be kept in special accounts for the management of special deposit. The Board shall determine relevant matters in relation to the establishment of the accounts before the Issuance, and shall disclose the relevant information of the special accounts for the proceeds raised in the issuance announcement of the A Share Convertible Corporate Bonds under the Issuance.

**(20) Guarantee and security**

As the latest audited net assets of the Company is not less than RMB1.5 billion, according to provision 20 in the Administrative Measures, no guarantee or security is required in relation to the A Share Convertible Corporate Bonds under the Issuance of the Company.

**(21) Validity period of the resolution of the Issuance**

Validity period of the resolution of the Issuance will be twelve months from the date on which the proposal of the Issuance is considered and approved at the Shareholders' General Meetings of the Company.

**(22) Approval procedures of the Issuance**

The Public Issuance of A Share Convertible Corporate Bonds was considered and approved at the twelfth extraordinary meeting in 2020 of the seventh term of the Board held on 12 June 2020. Pursuant to the stipulations in the relevant laws and regulations, implementation of the proposed Public Issuance of A Share Convertible Corporate Bonds will be subject to the consideration and approvals at the Shareholders' General Meetings and the approvals of the CSRC.

**IV. FINANCIAL AND ACCOUNTING INFORMATION, MANAGEMENT DISCUSSION AND ANALYSIS****(1) Statements of financial position, statements of profit or loss and statements of cash flows for the most recent three years and one quarter**

The financial statements of the Issuer for the years 2017, 2018 and 2019 were audited by Ernst & Young Hua Ming LLP, and unqualified opinion was issued in the auditor's reports. The financial statements for January to March 2020 are unaudited.

**1. Statements of financial position****(1) Consolidated statements of financial position**

Unit: RMB

Item	31 March 2020	31 December 2019	31 December 2018	31 December 2017
<b>Current assets:</b>				
Cash and cash equivalents	7,865,319,011	6,225,144,800	10,089,890,808	5,936,066,673
Financial assets at fair value through profit or loss	–	–	–	2,553,927,721
Held for trading financial assets (Note 1)	1,828,284,524	687,951,525	787,134,360	–
Trade receivables (Note 2)	793,106,936	944,115,730	1,009,871,109	1,292,864,505
Receivables financing (Note 2)	1,058,374,703	1,318,505,074	1,243,090,520	1,519,375,541
Prepayments	2,009,909,121	1,323,248,170	1,419,162,525	1,344,141,153
Other receivables	741,973,470	899,847,411	1,415,512,562	1,153,002,957
Inventories	15,826,031,236	14,886,554,158	12,669,674,863	11,089,834,955
Held for sale assets	–	–	246,189,223	–
Current portion of non-current assets	966,857,050	956,692,852	307,233,993	257,775,683
Other current assets	1,202,708,322	1,352,336,396	1,260,928,272	3,528,021,403
<b>Total current assets</b>	<b>32,292,564,373</b>	<b>28,594,396,116</b>	<b>30,448,688,235</b>	<b>28,675,010,591</b>



**APPENDIX 1**

**PLAN OF THE PUBLIC ISSUANCE OF A SHARE  
CONVERTIBLE CORPORATE BONDS  
FOR THE YEAR 2020**

Item	31 March 2020	31 December 2019	31 December 2018	31 December 2017
<b>Non-current assets:</b>				
Available-for-sale investments	–	–	–	778,201,186
Other equity instrument investments (Note 1)	2,547,720,147	4,410,441,677	1,983,796,793	–
Long-term equity investments	6,986,801,212	6,924,416,093	7,041,753,269	6,797,348,216
Other non-current financial assets	598,878,078	951,779,422	401,513,674	–
Investment properties	128,732,917	130,373,389	608,221,789	350,540,469
Fixed assets	43,530,853,708	38,624,766,390	34,144,464,854	30,136,199,603
Construction in progress	7,274,794,781	5,876,829,425	5,355,805,804	3,296,568,444
Right-of-use assets (Note 3)	343,793,043	354,772,381	–	–
Intangible assets	32,027,431,575	24,162,508,461	22,510,280,215	9,903,526,027
Goodwill	314,149,588	314,149,588	314,149,588	463,597,655
Long-term deferred assets	852,562,403	1,205,837,946	987,315,471	1,114,758,644
Deferred tax assets	892,437,265	836,666,816	884,776,204	840,108,626
Other non-current assets	11,886,928,244	11,444,009,515	8,198,537,946	6,959,404,089
<b>Total non-current assets</b>	<b>107,385,082,961</b>	<b>95,236,551,103</b>	<b>82,430,615,607</b>	<b>60,640,252,959</b>
<b>Total assets</b>	<b>139,677,647,334</b>	<b>123,830,947,219</b>	<b>112,879,303,842</b>	<b>89,315,263,550</b>
<b>Current liabilities:</b>				
Short-term borrowings	17,369,888,563	14,440,917,886	15,616,680,236	9,855,873,011
Financial liabilities at fair value through profit or loss	–	–	–	2,314,244,937
Held for trading financial liabilities (Note 1)	725,180,309	326,139,054	242,482,582	–
Bills payable (Note 2)	544,216,203	420,860,145	160,733,506	179,417,453
Trade payables (Note 2)	4,255,783,860	4,382,104,169	4,540,248,350	4,216,836,578
Advances from customers	–	–	–	2,143,111,140
Contract liabilities	780,829,792	359,453,565	277,125,058	–
Employee benefits payable	585,648,176	852,297,934	726,630,090	661,764,830
Taxes payable	1,179,108,130	985,193,397	903,782,106	1,175,693,479
Other payables	5,851,683,278	5,326,849,819	4,979,586,829	3,646,308,326
Held for sale liabilities	–	–	68,739,751	–
Current portion of non-current liabilities	9,273,644,613	5,768,840,060	9,707,089,022	4,600,343,261
Other current liabilities	500,000,000	500,000,000	–	–
<b>Total current liabilities</b>	<b>41,065,982,924</b>	<b>33,362,656,029</b>	<b>37,223,097,530</b>	<b>28,793,593,015</b>
<b>Non-current liabilities:</b>				
Long-term borrowings	17,166,489,910	13,826,221,524	12,917,915,706	6,599,046,795
Bonds payable	11,713,001,767	11,966,468,687	8,879,453,693	13,779,116,465
Lease liabilities (Note 3)	261,700,507	282,347,122	–	–
Long-term payables	2,451,950,559	1,201,391,669	733,077,872	563,703,645
Provision	2,934,940,265	2,927,712,283	2,686,090,453	861,014,312
Deferred income	490,482,061	496,720,164	422,783,097	451,419,375
Deferred tax liabilities	5,012,602,458	2,687,831,677	2,743,172,789	624,524,725
<b>Total non-current liabilities</b>	<b>40,031,167,527</b>	<b>33,388,693,126</b>	<b>28,382,493,610</b>	<b>22,878,825,317</b>
<b>Total liabilities</b>	<b>81,097,150,451</b>	<b>66,751,349,155</b>	<b>65,605,591,140</b>	<b>51,672,418,332</b>

**APPENDIX 1**

**PLAN OF THE PUBLIC ISSUANCE OF A SHARE  
CONVERTIBLE CORPORATE BONDS  
FOR THE YEAR 2020**

Item	31 March 2020	31 December 2019	31 December 2018	31 December 2017
<b>Equity:</b>				
Share capital	2,537,725,995	2,537,725,995	2,303,121,889	2,303,121,889
Other equity instrument investments	4,985,500,000	4,985,500,000	4,985,500,000	498,550,000
Including: Renewable corporate bonds	4,985,500,000	4,985,500,000	4,985,500,000	498,550,000
Capital reserve	18,615,217,788	18,690,342,400	11,094,766,390	11,109,919,061
Other comprehensive income	-3,019,710,515	-473,929,209	-1,575,973,065	-602,893,526
Special reserve	154,493,207	120,952,216	147,393,497	176,862,772
Surplus reserve	1,319,401,104	1,319,401,104	1,319,401,104	1,319,401,104
Retained earnings	25,045,983,039	24,005,972,520	22,181,224,459	20,194,761,855
<b>Equity attributable to owners of the parent</b>	<b>49,638,610,618</b>	<b>51,185,965,026</b>	<b>40,455,434,274</b>	<b>34,999,723,155</b>
Non-controlling interests	8,941,886,265	5,893,633,038	6,818,278,428	2,643,122,063
<b>Total equity</b>	<b>58,580,496,883</b>	<b>57,079,598,064</b>	<b>47,273,712,702</b>	<b>37,642,845,218</b>
<b>Total liabilities and owners' equity</b>	<b>139,677,647,334</b>	<b>123,830,947,219</b>	<b>112,879,303,842</b>	<b>89,315,263,550</b>

Note 1: In 2017, the Ministry of Finance of the PRC revised and issued Accounting Standard for Business Enterprises No. 22 – Financial Instruments: Recognition and Measurement, Accounting Standard for Business Enterprises No. 23 – Transfer of Financial Assets, Accounting Standard for Business Enterprises No. 24 – Hedging and Accounting Standard for Business Enterprises No. 37 – Presentation of Financial Instruments (collectively, the “New Financial Instrument Standards”). The Company implemented the New Financial Instrument Standards from 1 January 2018. Pursuant to the transitional provisions, the figures of the comparable periods were not adjusted. The difference under the new standards and the original standards as at the first date of implementation were retrospectively adjusted to the retained earnings or other comprehensive income as at the beginning of the reporting period.

Note 2: In accordance with the “Notice on the Revision and Publication of the 2019 General Corporate Financial Reporting Format” (Cai Kuai [2019] No. 6) and “Notice on the Revision and Publication of Consolidated Financial Statements Format (2019 Version)” (Cai Kuai [2019] No. 16), in the statements of financial position, “bills receivable and trade receivables” is separated into “bills receivable” and “trade receivables”, “bills payable and trade payables” is separated into “bills payable” and “trade payables”, the bills at fair value through other comprehensive income originally in “bills receivable” are separately disclosed as “receivables financing”. The Company correspondingly restated the comparative figures. Changes in this accounting policy had no impact on the Company’s net profit or owners’ equity.

Note 3: On 7 December 2018, the Ministry of Finance of the PRC issued the revised “Accounting Standard for Business Enterprises No. 21 – Leases” (the “New Accounting Standard for Business Enterprises on Leases”) in place of the “Accounting Standard for Business Enterprises No. 21 – Leases” issued on 15 February 2006 and the “Application Guidance for ‘Accounting Standard for Business Enterprises No. 21 – Leases’” issued on 30 October 2006. Enterprises listed in both domestic and overseas markets and enterprises listed overseas adopting International Financial Reporting Standards or Accounting Standards for Business Enterprises for preparation of financial statements are required to adopt the New Accounting Standard for Business Enterprises on Leases with effect from 1 January 2019.

**APPENDIX 1**
**PLAN OF THE PUBLIC ISSUANCE OF A SHARE  
CONVERTIBLE CORPORATE BONDS  
FOR THE YEAR 2020**
**(2) Company statements of financial position**

Unit: RMB

Item	31 March 2020	31 December 2019	31 December 2018	31 December 2017
<b>Current assets:</b>				
Cash and cash equivalents	2,349,913,124	2,243,044,214	3,405,752,073	3,609,294,859
Financial assets at fair value through profit or loss	–	–	–	175,870,145
Held for trading financial assets	–	10,235,923	149,869,381	–
Receivables financing	106,664,203	321,021,579	230,232,703	159,100,091
Trade receivables	529,127,910	571,503,669	944,410,158	994,007,531
Prepayments	44,706,643	46,092,085	54,761,022	100,765,817
Other receivables	10,166,625,566	10,392,972,218	13,369,134,726	10,674,817,824
Inventories	60,862,284	104,366,458	181,835,201	218,436,302
Held for sale assets	–	–	142,501,896	–
Other current assets	76,915,430	112,197,698	64,636,916	2,256,160,618
<b>Total current assets</b>	<b>13,334,815,160</b>	<b>13,801,433,844</b>	<b>18,543,134,076</b>	<b>18,188,453,187</b>
<b>Non-current assets:</b>				
Available-for-sale investments	–	–	–	460,422,337
Other equity instrument investments	235,032,610	252,868,971	299,890,204	–
Long-term equity investments	39,723,201,043	36,167,925,305	29,273,825,050	24,493,001,347
Fixed assets	3,266,739,597	3,383,189,644	3,423,396,138	3,581,268,191
Construction in progress	429,582,306	349,783,508	162,970,313	207,966,784
Right-of-use assets	5,065,390	5,403,083	–	–
Intangible assets	267,944,293	269,926,397	280,495,251	288,820,973
Long-term deferred assets	210,800,653	222,490,412	202,140,313	176,180,098
Deferred tax assets	278,050,039	270,686,426	203,515,795	255,037,344
Other non-current assets	10,724,400,864	10,684,801,932	9,830,231,598	11,617,840,714
<b>Total non-current assets</b>	<b>55,140,816,795</b>	<b>51,607,075,678</b>	<b>43,676,464,662</b>	<b>41,080,537,788</b>
<b>Total assets</b>	<b>68,475,631,955</b>	<b>65,408,509,522</b>	<b>62,219,598,738</b>	<b>59,268,990,975</b>
<b>Current liabilities:</b>				
Short-term borrowings	5,841,770,396	5,709,142,525	6,439,941,129	4,643,139,800
Financial liabilities at fair value through profit or loss	–	–	–	2,163,798,120
Held for trading financial liabilities	36,126,487	12,717,000	–	–
Trade payables	–	–	643,993,331	591,615,785
Bills payable	425,744,604	491,559,077	–	14,631,276
Advances from customers	–	–	–	8,133,245
Contract liabilities	695,446,133	268,076,168	9,110,298	–
Employee benefits payable	118,792,637	164,097,622	131,945,173	131,832,706
Taxes payable	71,802,029	44,831,289	39,111,115	79,123,696
Other payables	686,852,339	480,863,568	976,050,313	1,042,641,567
Current portion of non-current liabilities	8,172,414,561	5,472,546,130	9,219,712,010	3,162,651,847
Other current liabilities	572,762,499	572,762,498	295,798,605	64,079,723
<b>Total current liabilities</b>	<b>16,621,711,685</b>	<b>13,216,595,877</b>	<b>17,755,661,974</b>	<b>11,901,647,765</b>

**APPENDIX 1**

**PLAN OF THE PUBLIC ISSUANCE OF A SHARE  
CONVERTIBLE CORPORATE BONDS  
FOR THE YEAR 2020**

Item	31 March 2020	31 December 2019	31 December 2018	31 December 2017
<b>Non-current liabilities:</b>				
Long-term borrowings	2,258,249,972	3,086,074,921	4,752,185,360	5,681,201,760
Bonds payable	9,237,037,573	9,540,399,486	6,493,057,030	13,779,116,465
Lease liabilities	4,525,648	4,246,294	–	–
Long-term payables	240,348,782	240,348,782	274,768,834	232,927,534
Provision	337,019,424	333,436,208	–	–
Deferred income	177,193,188	172,569,913	188,631,381	222,595,881
Deferred tax liabilities	24,653,061	27,096,829	–	–
Other non-current liabilities	168,301,185	177,193,188	802,178,723	4,399,450
<b>Total non-current liabilities</b>	<b>12,447,328,833</b>	<b>13,581,365,621</b>	<b>12,510,821,328</b>	<b>19,920,241,090</b>
<b>Total liabilities</b>	<b>29,069,040,518</b>	<b>26,797,961,498</b>	<b>30,266,483,302</b>	<b>31,821,888,855</b>
<b>Equity:</b>				
Share capital	2,537,725,995	2,537,725,995	2,303,121,889	2,303,121,889
Other equity instrument investments	4,985,500,000	4,985,500,000	4,985,500,000	498,550,000
Capital reserve	20,662,750,813	20,662,750,813	13,057,926,951	13,226,407,493
Other comprehensive income	-135,953,240	-119,160,647	-79,283,749	–
Special reserve	2,806,840	–	–	–
Surplus reserve	1,268,862,997	1,268,862,997	1,151,560,944	1,090,812,600
Retained earnings	10,084,898,032	9,274,868,866	10,534,289,401	10,328,210,138
<b>Total equity</b>	<b>39,406,591,437</b>	<b>38,610,548,024</b>	<b>31,953,115,436</b>	<b>27,447,102,120</b>
<b>Total liabilities and owners' equity</b>	<b>68,475,631,955</b>	<b>65,408,509,522</b>	<b>62,219,598,738</b>	<b>59,268,990,975</b>

**2. Statements of profit or loss****(1) Consolidated statements of profit or loss**

Unit: RMB

Item	January – March 2020	Year 2019	Year 2018	Year 2017
<b>I. Operating income</b>	<b>36,161,856,238</b>	<b>136,097,978,018</b>	<b>105,994,246,123</b>	<b>94,548,619,098</b>
Less: Operating costs	32,236,670,019	120,582,627,749	92,651,374,475	81,371,973,684
Taxes and surcharges	570,427,373	1,874,141,394	1,598,995,649	1,352,340,359
Selling expenses	152,474,666	574,433,782	887,451,338	748,942,449
Administrative expenses	922,335,695	3,689,326,869	2,964,964,865	2,694,689,753
Research and development expenses	112,917,998	476,341,941	274,380,222	299,380,476
Financial expenses	405,460,361	1,466,849,459	1,254,241,143	2,012,950,292
Including: Interest expenses	568,466,134	1,927,817,536	1,576,224,662	1,589,043,304
Interest income	98,950,168	499,675,899	351,234,358	321,154,652

**APPENDIX 1**

**PLAN OF THE PUBLIC ISSUANCE OF A SHARE  
CONVERTIBLE CORPORATE BONDS  
FOR THE YEAR 2020**

Item	January – March 2020	Year 2019	Year 2018	Year 2017
Add: Impairment losses on assets (loss is represented by “–”)	-237,328,174	-368,381,596	-1,500,399,230	-2,220,905,893
Credit impairment losses (loss is represented by “–”) (Note)	55,740	-65,619,609	82,017,400	–
Other income	50,404,716	290,839,484	227,613,533	228,882,015
Investment income (loss is represented by “–”)	259,200,176	34,406,224	1,060,522,923	155,670,082
Including: Share of profits of associates and joint ventures (loss is represented by “–”)	21,273,171	96,011,495	373,063,390	-29,259,162
Gains on changes in fair value (loss is represented by “–”)	45,341,233	-59,752,112	-135,783,729	750,200,343
Gains on disposal of non-current assets (loss is represented by “–”)	-600,521	-23,675,053	84,561,738	44,456,123
<b>II. Operating profit</b>	<b>1,878,643,296</b>	<b>7,242,074,162</b>	<b>6,181,371,066</b>	<b>5,026,644,755</b>
Add: Non-operating income	32,129,996	50,080,938	365,953,586	57,610,854
Less: Non-operating expenses	100,903,123	317,876,334	417,144,870	516,295,416
<b>III. Profit before tax</b>	<b>1,809,870,169</b>	<b>6,974,278,766</b>	<b>6,130,179,782</b>	<b>4,567,960,193</b>
Less: Income tax expenses	483,453,147	1,913,374,082	1,447,503,229	1,320,410,996
<b>IV. Net profit</b>	<b>1,326,417,022</b>	<b>5,060,904,684</b>	<b>4,682,676,553</b>	<b>3,247,549,197</b>
<b>(I) Classification according to the continuity of operations</b>				
1. Net profit from continuing operations	1,326,417,022	5,060,904,684	4,682,676,553	3,247,549,197
2. Net profit from discontinued operations	–	–	–	–
<b>(II) Classification according to ownership</b>				
1. Net profit attributable to owners of the parent	1,040,010,519	4,283,957,365	4,093,773,630	3,507,717,627
2. Net profit attributable to non- controlling interests	286,406,503	776,947,319	588,902,923	-260,168,430
<b>V. Net other comprehensive income after tax</b>				
<b>(I) Other comprehensive income that will not be reclassified to profit or loss in subsequent periods</b>	<b>-1,897,178,796</b>	<b>1,146,766,336</b>	<b>-1,159,682,051</b>	<b>–</b>
1. Changes in fair value of other equity instrument investments	-1,897,178,796	1,146,766,336	-1,159,682,051	–

**APPENDIX 1**

**PLAN OF THE PUBLIC ISSUANCE OF A SHARE  
CONVERTIBLE CORPORATE BONDS  
FOR THE YEAR 2020**

Item	January – March 2020	Year 2019	Year 2018	Year 2017
<b>(II) Other comprehensive income that may be reclassified to profit or loss in subsequent periods</b>	<b>-648,602,510</b>	<b>57,690,105</b>	<b>-354,061</b>	<b>39,794,234</b>
1. Changes in fair value of available-for-sale investments	–	–	–	-109,669,097
2. Effective part of cash flow hedging instruments	–	–	–	168,224,050
3. Hedging costs – forward elements	4,039,409	-65,505,914	61,666,120	–
4. Exchange differences arising from translation of financial statements denominated in foreign currencies	-652,641,919	123,196,019	-62,020,181	-18,760,719
<b>Other comprehensive income attributable to owners of the parent</b>	<b>-2,545,781,306</b>	<b>1,204,456,441</b>	<b>-1,160,036,112</b>	<b>39,794,234</b>
Other comprehensive income attributable to non-controlling interests	58,820,335	85,157,856	-14,449,278	20,989,731
<b>Sub-total of net other comprehensive income after tax</b>	<b>-2,486,960,971</b>	<b>1,289,614,297</b>	<b>-1,174,485,390</b>	<b>60,783,965</b>
<b>VI. Total comprehensive income</b>	<b>-1,160,543,949</b>	<b>6,350,518,981</b>	<b>3,508,191,163</b>	<b>3,308,333,162</b>
Total comprehensive income attributable to owners of the parent	-1,505,770,787	5,488,413,806	2,933,737,518	3,547,511,861
Total comprehensive income attributable to non-controlling shareholders	345,226,838	862,105,175	574,453,645	-239,178,699
<b>VII. Earnings per share</b>				
(I) Basic earnings per share (RMB/share)	0.04	0.18	0.18	0.16
(II) Diluted earnings per share (RMB/share)	0.04	0.18	0.18	0.16

Note: The New Financial Instrument Standards provide that the model for measuring financial asset impairment shall be changed from the “model of incurred losses” to the “model of expected credit losses”, which is applicable to financial assets at amortised cost, financial assets at fair value through other comprehensive income, loan commitments and financial guarantee contracts.

**APPENDIX 1**

**PLAN OF THE PUBLIC ISSUANCE OF A SHARE  
CONVERTIBLE CORPORATE BONDS  
FOR THE YEAR 2020**

**(2) Company statements of profit or loss**

Unit: RMB

<b>Item</b>	<b>January – March 2020</b>	<b>Year 2019</b>	<b>Year 2018</b>	<b>Year 2017</b>
<b>I. Operating income</b>	<b>997,125,760</b>	<b>4,181,674,607</b>	<b>4,085,832,610</b>	<b>3,786,088,988</b>
Less: Operating costs	580,767,212	2,451,720,155	2,508,626,347	2,241,847,147
Taxes and surcharges	63,062,557	242,328,484	264,944,671	245,695,914
Selling expenses	2,296,828	11,287,422	21,687,249	18,574,788
Administrative expenses	154,279,703	624,416,397	573,830,314	517,991,386
Research and development expenses	49,725,113	203,349,759	168,145,513	270,583,905
Financial expenses	79,178,161	152,907,767	188,566,687	280,457,765
Including: Interest expenses	253,339,354	1,009,578,109	1,206,285,681	1,187,819,033
Interest income	134,714,091	833,540,091	960,508,815	984,241,991
Add: Impairment losses on assets (loss is represented by “–”)	–	-153,880,000	-3,575,729	-154,572,757
Credit impairment losses (loss is represented by “–”)	–	-92,319,369	140,022,078	–
Other income	9,950,527	49,197,206	53,750,800	62,627,659
Investment income (loss is represented by “–”)	772,924,375	1,192,587,748	1,939,227,308	1,450,301,281
Including: Share of profits of associates and joint ventures (loss is represented by “–”)	28,992,771	137,905,089	145,806,665	-88,124,377
Gains on changes in fair value (loss is represented by “–”)	-20,460,323	-5,772,264	-14,512,179	66,289,913
Gains on disposal of non-current assets (loss is represented by “–”)	269,965	401,573	22,394,838	15,455,106
<b>II. Operating profit</b>	<b>830,500,730</b>	<b>1,485,879,517</b>	<b>2,497,338,945</b>	<b>1,651,039,285</b>
Add: Non-operating income	127,087	3,084,809	27,651,054	19,878,058
Less: Non-operating expenses	13,252,322	47,506,016	78,848,961	118,645,966
<b>III. Profit before tax</b>	<b>817,375,495</b>	<b>1,441,458,310</b>	<b>2,446,141,038</b>	<b>1,552,271,377</b>
Less: Income tax expenses	7,346,328	21,954,903	72,393,688	87,933,755
<b>IV. Net profit</b>	<b>810,029,167</b>	<b>1,419,503,407</b>	<b>2,373,747,350</b>	<b>1,464,337,622</b>
<b>V. Net other comprehensive income     after tax</b>	<b>-16,792,593</b>	<b>-39,876,898</b>	<b>-174,225,295</b>	<b>88,866,653</b>
<b>VI. Total comprehensive income</b>	<b>793,236,573</b>	<b>1,379,626,509</b>	<b>2,199,522,055</b>	<b>1,553,204,275</b>



**3. Statements of cash flows****(1) Consolidated statements of cash flows**

Unit: RMB

Item	January – March 2020	Year 2019	Year 2018	Year 2017
<b>I. Cash flows from operating activities:</b>				
Cash receipts from sale of goods and rendering of services	37,945,797,834	143,341,187,979	110,239,590,856	99,931,682,747
Refund of taxes and levies	238,685,898	–	–	186,899,278
Other cash receipts relating to operating activities	574,239,812	826,104,378	1,040,735,937	814,143,674
<b>Sub-total of cash inflows from operating activities</b>	<b>38,758,723,544</b>	<b>144,167,292,357</b>	<b>111,280,326,793</b>	<b>100,932,725,699</b>
Cash payments for goods purchased and services received	33,620,439,415	121,968,271,733	91,365,517,820	81,347,857,731
Cash payments to and on behalf of employees	1,465,087,790	3,765,182,943	3,072,305,591	2,923,049,026
Payments of various types of taxes	1,008,122,808	5,463,539,039	4,533,769,385	4,384,587,083
Other cash payments relating to operating activities	339,040,376	2,304,741,629	2,075,724,296	2,512,876,345
<b>Sub-total of cash outflows used in operating activities</b>	<b>36,432,690,389</b>	<b>133,501,735,344</b>	<b>101,047,317,092</b>	<b>91,168,370,185</b>
<b>Net cash flows from operating activities</b>	<b>2,326,033,155</b>	<b>10,665,557,013</b>	<b>10,233,009,701</b>	<b>9,764,355,514</b>
<b>II. Cash flows from investing activities:</b>				
Cash receipts from disposals and recovery of investments	80,575,315	574,366,273	850,079,833	736,481,303
Cash receipts from investment income	2,467,446	409,661,967	679,307,171	605,314,269
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	1,212,984	209,103,813	363,398,711	95,865,471
Net cash receipts from acquisitions of subsidiaries and other business units	–	–	–	35,306,085
Net cash receipts from disposals of subsidiaries and other business units	–	141,906,496	–	227,412,775
Other cash receipts relating to investing activities	226,269	460,685,011	2,324,310,263	130,000,003
<b>Sub-total of cash inflows from investing activities</b>	<b>84,482,014</b>	<b>1,795,723,560</b>	<b>4,217,095,978</b>	<b>1,830,379,906</b>



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FOR THE YEAR 2020**

<b>Item</b>	<b>January – March 2020</b>	<b>Year 2019</b>	<b>Year 2018</b>	<b>Year 2017</b>
Cash payments for acquisitions or constructions of fixed assets, intangible assets and other long-term assets	1,671,545,023	11,896,001,203	7,808,861,922	5,037,484,759
Cash payments for acquisitions of investments	486,970,192	2,235,672,167	1,384,653,295	990,949,510
Net cash payments for acquisitions of subsidiaries and other business units	6,519,566,426	248,429,216	7,853,617,667	–
Other cash payments relating to investing activities	1,737,361,402	1,518,451,034	810,173,540	1,749,548,450
<b>Sub-total of cash outflows used in investing activities</b>	<b>10,415,443,043</b>	<b>15,898,553,620</b>	<b>17,857,306,424</b>	<b>7,777,982,719</b>
<b>Net cash flows used in investing activities</b>	<b>-10,330,961,029</b>	<b>-14,102,830,060</b>	<b>-13,640,210,446</b>	<b>-5,947,602,813</b>
<b>III. Cash flows from financing activities:</b>				
Cash receipts from capital contributions	3,015,645,020	7,861,071,293	78,000,000	4,620,679,959
Including: Cash receipts from capital contributions from non-controlling shareholders of subsidiaries	3,015,645,020	13,643,325	78,000,000	23,760,000
Cash receipts from issuance of renewable bonds	–	–	4,486,950,000	498,550,000
Cash receipts from borrowings	15,145,052,967	12,451,641,684	25,744,349,427	3,748,020,500
Cash receipts from the gold leasing business	–	7,238,555,776	7,453,452,046	9,132,661,654
Cash receipts from issuance of bonds	–	6,500,000,000	2,402,120,455	–
Other cash receipts relating to financing activities	–	135,577,629	40,120,269	197,170,598
<b>Sub-total of cash inflows from financing activities</b>	<b>18,160,697,987</b>	<b>34,186,846,382</b>	<b>40,204,992,197</b>	<b>18,197,082,711</b>
Cash repayments of borrowings	5,303,744,920	12,686,169,279	14,423,736,524	4,955,020,405
Cash repayments of the gold leasing business	–	7,774,509,133	9,277,529,360	7,338,834,168
Cash repayments of bonds and ultra short-term financing bonds	–	6,953,469,000	2,500,000,000	5,000,000,000
Cash payments for distribution of dividends or profits or settlement of interest expenses	747,421,783	5,490,938,903	4,594,953,627	3,188,451,228

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Item	January – March 2020	Year 2019	Year 2018	Year 2017
Including: Payments for distribution of dividends or profits to non-controlling shareholders of subsidiaries	186,000,000	837,355,000	849,673,586	226,683,558
Other cash payments relating to financing activities	2,430,514,119	1,607,570,368	1,753,604,248	389,064,253
<b>Sub-total of cash outflows used in financing activities</b>	<b>8,481,680,822</b>	<b>34,512,656,683</b>	<b>32,549,823,759</b>	<b>20,871,370,054</b>
<b>Net cash flows from/(used in) financing activities</b>	<b>9,679,017,165</b>	<b>-325,810,301</b>	<b>7,655,168,438</b>	<b>-2,674,287,343</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>-72,964,385</b>	<b>-84,163,353</b>	<b>-69,473,497</b>	<b>-100,944,745</b>
<b>V. Net increase/(decrease) in cash and cash equivalents</b>	<b>1,601,124,906</b>	<b>-3,847,246,701</b>	<b>4,178,494,196</b>	<b>1,041,520,613</b>
Add: Opening balance of cash and cash equivalents	6,085,591,450	9,932,838,151	5,754,343,955	4,712,823,342
<b>VI. Closing balance of cash and cash equivalents</b>	<b>7,686,716,356</b>	<b>6,085,591,450</b>	<b>9,932,838,151</b>	<b>5,754,343,955</b>

**(2) Company statements of cash flows**

Unit: RMB

Item	January – March 2020	Year 2019	Year 2018	Year 2017
<b>I. Cash flows from operating activities:</b>				
Cash receipts from sale of goods and rendering of services	1,745,367,373	4,359,639,755	4,852,104,833	4,669,981,355
Other cash receipts relating to operating activities	282,320,011	73,838,433	129,466,037	153,341,167
<b>Sub-total of cash inflows from operating activities</b>	<b>2,027,687,384</b>	<b>4,433,478,188</b>	<b>4,981,570,870</b>	<b>4,823,322,522</b>
Cash payments for goods purchased and services received	416,493,005	1,302,132,254	1,702,531,642	1,809,061,219
Cash payments to and on behalf of employees	203,253,001	657,448,120	548,407,225	593,608,211
Payments of various types of taxes	83,274,238	537,933,156	674,968,309	493,472,793
Other cash payments relating to operating activities	51,403,613	540,080,559	305,020,781	628,728,906
<b>Sub-total of cash outflows used in operating activities</b>	<b>754,423,857</b>	<b>3,037,594,089</b>	<b>3,230,927,957</b>	<b>3,524,871,129</b>
<b>Net cash flows from operating activities</b>	<b>1,273,263,527</b>	<b>1,395,884,099</b>	<b>1,750,642,913</b>	<b>1,298,451,393</b>

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<b>Item</b>	<b>January – March 2020</b>	<b>Year 2019</b>	<b>Year 2018</b>	<b>Year 2017</b>
<b>II. Cash flows from investing activities:</b>				
Cash receipts from disposals and recovery of investments	–	6,592,854,402	3,622,104,484	2,735,932,843
Cash receipts from investment income	654,273,744	1,119,842,727	2,766,905,737	2,092,101,118
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets	196,259	18,216,261	30,741,786	21,932,835
Net cash receipts from disposals of subsidiaries and other business units	–	143,271,681	–	–
Other cash receipts relating to investing activities	927,206,449	–	1,913,450,104	806,493,396
<b>Sub-total of cash inflows from investing activities</b>	<b>1,581,676,452</b>	<b>7,874,185,071</b>	<b>8,333,202,111</b>	<b>5,656,460,192</b>
Cash payments for acquisitions or constructions of fixed assets, intangible assets and other long-term assets	149,889,573	674,399,980	1,092,878,647	534,388,296
Cash payments for acquisitions of investments	3,527,319,050	11,197,809,267	7,448,064,868	2,466,372,699
Net cash payments for acquisitions of subsidiaries and other business units	–	–	–	–
Other cash payments relating to investing activities	–	404,965,779	232,970,894	3,715,262,962
<b>Sub-total of cash outflows used in investing activities</b>	<b>3,677,208,623</b>	<b>12,277,175,026</b>	<b>8,773,914,409</b>	<b>6,716,023,957</b>
<b>Net cash flows used in investing activities</b>	<b>-2,095,532,171</b>	<b>-4,402,989,955</b>	<b>-440,712,298</b>	<b>-1,059,563,765</b>
<b>III. Cash flows from financing activities:</b>				
Cash receipts from capital contribution	–	7,847,427,968	–	4,596,919,959
Cash receipts from issuance of renewable bonds	–	–	4,486,950,000	498,550,000
Cash receipts from borrowings	3,051,315,500	1,558,900,742	2,628,951,300	4,780,883,250
Cash receipts from the gold leasing business	–	12,717,000	5,651,491,129	6,827,221,812
Cash receipts from issuance of bonds and ultra short-term financing bonds	–	6,500,000,000	–	–
Other cash receipts relating to financing activities	–	–	–	3,170,885
<b>Sub-total of cash inflows from financing activities</b>	<b>3,051,315,500</b>	<b>15,919,045,710</b>	<b>12,767,392,429</b>	<b>16,706,745,906</b>

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<b>Item</b>	<b>January – March 2020</b>	<b>Year 2019</b>	<b>Year 2018</b>	<b>Year 2017</b>
Cash repayments of borrowings	1,375,464,100	2,814,422,000	1,658,406,440	3,368,652,316
Cash repayments of the gold leasing business	–	1,164,274,094	6,934,413,092	5,058,604,805
Cash repayments of bonds and ultra short-term financing bonds	–	6,953,469,000	2,500,000,000	5,000,000,000
Cash payments for distribution of dividends or profits or settlement of interest expenses	265,848,306	3,590,898,937	3,244,655,164	2,492,430,334
Other cash payments relating to financing activities	175,095,945	12,718,261	25,663,978	23,848,300
<b>Sub-total of cash outflows used in financing activities</b>	<b>1,816,408,351</b>	<b>14,535,782,292</b>	<b>14,363,138,674</b>	<b>15,943,535,755</b>
<b>Net cash flows from/(used in) financing activities</b>	<b>1,234,907,149</b>	<b>1,383,263,418</b>	<b>-1,595,746,245</b>	<b>763,210,151</b>
<b>IV. Net increase/(decrease) in cash and cash equivalents</b>	<b>-3,868,578</b>	<b>54,294,679</b>	<b>16,110,640</b>	<b>-117,793,019</b>
<b>V. Closing balance of cash and cash equivalents</b>	<b>408,769,927</b>	<b>-1,569,547,759</b>	<b>-269,704,990</b>	<b>884,304,760</b>
Add: Opening balance of cash and cash equivalents	3,180,173,513	3,126,335,183	3,396,040,173	2,511,735,413
<b>VI. Net increase in cash and cash equivalents</b>	<b>3,588,943,440</b>	<b>1,556,787,424</b>	<b>3,126,335,183</b>	<b>3,396,040,173</b>

**(II) Changes in scope of consolidation****1. Changes in scope of consolidation for January to March 2020****(1) Increase in scope of consolidation**

In January 2020, Fujian Zijin Motor Vehicle Testing Co., Ltd. (“Zijin Testing”) was established in Shanghang County, Fujian Province. Fujian Zijin Shunan Logistics Co., Ltd., a subsidiary of the Company, owns 100% of its equity interest. Zijin Testing was included in the scope of consolidation during the reporting period.

In February 2020, Zijin Mining Logistics (Xiamen) Co., Ltd. (“Xiamen Logistics”) was established in Xiamen City, Fujian Province. Zijin Mining Logistics Co., Ltd. a subsidiary of the Company, owns 100% of its equity interest. Xiamen Logistics was included in the scope of consolidation during the reporting period.

In March 2020, Jin Yang (H.K.) Mining Company Limited (“Jin Yang (H.K.)”) was established in Hong Kong. Heilongjiang Zijin Longxing Mining Co., Ltd., a subsidiary of the Company, owns 100% of its equity interest. Jin Yang (H.K.) was included in the scope of consolidation during the reporting period.

In March 2020, Zijin (America) Gold Mining Company Limited (“Zijin America”) acquired 100% equity interest in Continental Gold Inc. (“Continental Gold”) in cash at a consideration of CAD1,336,500,000, approximately equivalent to RMB6,971,584,950. The transaction completed on 5 March 2020. As at 31 March 2020, Zijin America owns 100% of the equity interest in Continental Gold. Continental Gold was included in the scope of consolidation during the reporting period.

(2) Decrease in scope of consolidation

Longyan Xinjing Investment Partnership (Limited Partnership) (“Longyan Xinjing”), originally a subsidiary of the Company which the Company originally held 100% of its equity interest, was not included in the scope of consolidation during the reporting period due to decrease in equity interest owned by the Company to 41.33%.

**2. Changes in scope of consolidation for the year 2019**

(1) Increase in scope of consolidation

In June 2019, Jinshan Construction d.o.o. Bor. (“Jinshan Bor”) was incorporated in Serbia. Zijin Mining Construction Co., Ltd. (“Zijin Construction”), a subsidiary of the Company, holds 100% equity interest in Jinshan Bor. Jinshan Bor was included in the scope of consolidation during the reporting period.

Limited Liability Company “Pamir international industrial” (“Pamir International Industrial”) was incorporated in the Republic of Tajikistan in July 2019. Jinfeng (HK) International Mining Company Limited, a subsidiary of the Company, holds 100% of its equity interest. Pamir International Industrial was included in the scope of consolidation during the reporting period.

Gold Vale Trading and Logistics (Pty) Ltd. was incorporated in March 2019 in Johannesburg, South Africa. Capco International Mining Company Limited, a subsidiary of the Company, holds 100% of its equity interest. Gold Vale Trading and Logistics (Pty) Ltd. was included in the scope of consolidation during the reporting period.

Jinzuan International Mining Company Limited was incorporated in Hong Kong in June 2019. Gold Mountains (H.K.), a subsidiary of the Company, holds 100% of its equity interest. Jinzuan International Mining Company Limited was included in the scope of consolidation during the reporting period.

Zijin (America) Gold Mining Company Limited was incorporated in Hong Kong in September 2019. Gold Mountains (H.K.), a subsidiary of the Company, held 100% of its equity interest. Zijin America was included in the scope of consolidation during the reporting period.

Longyan Xinjing Investment Partnership (Limited Partnership) was incorporated in Longyan City, Fujian Province in December 2019. Zijin Mining Equity Investment and Management (Xiamen) Co., Ltd. and Zijin Mining Group Capital Investment Co., Ltd., two subsidiaries of the Company, held 75% and 25% equity interest in Longyan Xinjing, respectively. Longyan Xinjing was included in the scope of consolidation during the reporting period.

(2) Decrease in scope of consolidation

The Company originally held a 60% equity interest in Chongli Zijin Mining Co., Ltd. (“Chongli Zijin”). On 24 December 2018, the Company entered into an equity transfer agreement with Aikeruite (Beijing) Investment Co., Ltd. (“Aikeruite”). The consideration for disposal of Chongli Zijin was RMB180 million. Pursuant to the agreement, it was agreed that the amount would be settled in 10 years and the discounted value of the amount was RMB133,941,140 (at a discount rate of 8%). As at 31 December 2018, the equity transfer procedures had not been completed yet. The Company received the first installment of the consideration for equity transfer of RMB40,000,000 on 21 January 2019, and it completed the registration for the share transfer. The date of disposal was 21 January 2019. Gain on disposal of RMB8,857,543 was recognised. Therefore, the Company excluded Chongli Zijin in the scope of consolidation from 21 January 2019.

Inner Mongolia Aipaike Resources Co., Ltd., a subsidiary which the Company originally held 100% of its equity interest, deregistered during the reporting period. It was excluded from the scope of consolidation during the reporting period.

1178179 B.C. LTD., a subsidiary which the Company originally held 100% of its equity interest, deregistered during the reporting period. It was excluded from the scope of consolidation during the reporting period.

1178180 B.C. LTD., a subsidiary which the Company originally held 100% of its equity interest, deregistered during the reporting period. It was excluded from the scope of consolidation during the reporting period.

Reservoir Minerals Inc., a subsidiary which the Company originally held 100% of its equity interest, deregistered during the reporting period. It was excluded from the scope of consolidation during the reporting period.

**3. Changes in scope of consolidation for the year 2018****(1) Increase in scope of consolidation**

In 2018, the Company participated in a public bidding in relation to the selection of strategic partner to reorganise Rudarsko-Topioničarski Basen RTB Bor Doo of Serbia (renamed as “Serbia Zijin Bor Copper Doo Bor” on 18 December 2018, “Bor Copper”). On 17 September 2018, the Company and Serbia entered into the “Agreement on Strategic Partnership”. The Company, as a strategic partner, would invest in cash for capital increase of Bor Copper. Upon completion of the capital increase, the Company and other shareholders will hold 63% and 37% equity interest in Bor Copper respectively. The acquisition was completed on 18 December 2018. Bor Copper was included in the scope of consolidation during the reporting period.

In 2018, the Company obtained the control of Nevsun through step acquisition. The acquisition was completed on 31 December 2018. As at 31 December 2018, the Company owned 89.37% equity interest in Nevsun in aggregate. Nevsun was included in the scope of consolidation during the reporting period.

In 2018, the Company obtained the control of Xiamen Zijin Tongguan Investment Development Company Limited (“Zijin Tongguan”) through step acquisition. The transaction was completed on 26 December 2018. As at 31 December 2018, the Company owned 51% equity interest in Zijin Tongguan in aggregate. Zijin Tongguan was included in the scope of consolidation during the reporting period.

In 2018, Zijin Mining Construction Co., Ltd. (“Zijin Construction”), a subsidiary of the Company, and Zhongda Jiye (Beijing) Investment Co., Ltd. signed a share transfer agreement for 51% equity interest of Beijing Anchuang Shenzhou Technology Co., Ltd. (“Beijing Anchuang”). The acquisition was completed on 26 December 2018. As at 31 December 2018, Zijin Construction owned 51% equity interest in Beijing Anchuang. Beijing Anchuang was included in the scope of consolidation during the reporting period.

Xiamen Cross-Strait Gold Jewelry Industrial Park Co., Ltd. (“Xiamen Strait Gold and Jewellery”) was established in Xiamen City, Fujian Province in February 2018. The Company’s subsidiary, Zijin Mining Group Gold Jewelry Co., Ltd., holds 61% of the equity interest in Xiamen Strait Gold and Jewellery. Xiamen Strait Gold and Jewellery was included in the scope of consolidation during the reporting period.

Xinjiang Jinjie International Logistics Co., Ltd. (“Jinjie International Logistics”) was incorporated in March 2018 in Erkeshtam Port Industrial Zone, Kashi Economic Development Zone, Kizilsu Kyrgyz Prefecture, Xinjiang. The Company’s subsidiary, Zijin Mining Logistics Co., Ltd., holds 100% equity interest in Jinjie International Logistics. Jinjie International Logistics was included in the scope of consolidation during the reporting period.



Gold Mountains (Canada) International Mining Co., Ltd. (“Gold Mountains (Canada)”) was incorporated in 2018 in Hong Kong. The Company’s subsidiary, Gold Mountains (H.K.), holds its 100% equity interest. Gold Mountains (Canada) was included in the scope of consolidation during the reporting period.

1178179 B.C. LTD. was incorporated in September 2018 in Canada. The Company’s subsidiary, Gold Mountains (Canada), held its 100% equity interest. 1178179 B.C. LTD. was included in the scope of consolidation during the reporting period.

11781780 B.C. LTD. was incorporated in September 2018 in Canada. The Company’s subsidiary, 1178179 B.C. LTD., held its 100% equity interest. 1178180 B.C. LTD. was included in the scope of consolidation during the reporting period.

(2) Decrease in scope of consolidation

Sino Trend Hydro Power (Shanghang) Investment Limited, a subsidiary which the Company originally held 100% of its equity interest, deregistered during the reporting period. It was excluded from the scope of consolidation since the reporting period.

United Summit Investment Limited, a subsidiary which the Company originally held 100% of its equity interest, deregistered during the reporting period. It was excluded from the scope of consolidation since the reporting period.

**4. Changes in scope of consolidation for the year 2017**

(1) Increase in scope of consolidation

On 19 January 2017, the Company and Sprott Inc. (“Sprott”) entered into a share transfer agreement in relation to Gold Mountains Sprott Capital Management Limited (“Gold Mountains Sprott”). After the acquisition, the shareholding proportion of the Company and Sprott in Gold Mountains Sprott changed to 90.9% and 9.1% respectively. On 31 March 2017, Sprott Fund completed its restructuring and was renamed Zijin Global Fund. Gold Mountains Sprott and Zijin Global Fund were included in the scope of consolidation since 31 March 2017.

Gansu Yate Mining Co., Ltd. (“Gansu Yate”) was established in March 2017 in Li County, Longnan City, Gansu Province. The Company’s subsidiary, Longnan Zijin Mining Co., Ltd. (“Longnan Zijin”), holds 100% equity interest in Gansu Yate. Gansu Yate was included in the scope of consolidation during the reporting period.



Shanghang Zijin Jiabo Electronics New Material Technology Co., Ltd. (“Shanghang Zijin Jiabo”) was established in June 2017 in Shanghang County, Longyan City, Fujian Province. The Company’s subsidiary, Zijin Mining Group Gold Smelting Co., Ltd., holds 51% equity interest in Shanghang Zijin Jiabo. Shanghang Zijin Jiabo was included in the scope of consolidation during the reporting period.

Shanghang Zijin Metallic Resources Co., Ltd. (“Zijin Metallic Resources”) was established in September 2017 in Shanghang County, Longyan City, Fujian Province. The Company’s subsidiary, Zijin Mining Group (Xiamen) Metallic Materials Co., Ltd., holds 100% equity interest in Zijin Metallic Resources. Zijin Metallic Resources was included in the scope of consolidation during the reporting period.

(2) Decrease in scope of consolidation

The Company originally held 100% equity interest in Zijin Mining Group Gansu Mining Development Co., Ltd. (“Gansu Mining Development”). The Company entered into an equity transfer agreement with Gannan Sanbao Mining Co., Ltd. on 3 July 2017 to sell the 95% equity interest in Gansu Mining Development. After the transfer, the Group recognised its remaining 5% equity interest in Gansu Mining Development as available-for-sale investment. The disposal date was 3 July 2017. The Company no longer included Gansu Mining Development in the scope of consolidation after 3 July 2017.

The Company entered into an equity transfer agreement with Anhui Niushan Mining Co., Ltd. on 5 September 2017 to sell a 51% equity interest in Tongling Zijin Mining Co., Ltd. (“Tongling Zijin”) and a 59.55% equity interest in its subsidiary, Tongling City Guanglong Scientific Industrial and Trading Co., Ltd. (“Tongling Guanglong Scientific Industrial and Trading”). The disposal date was 5 September 2017. The Company no longer included Tongling Zijin and Tongling Guanglong Scientific Industrial and Trading in the scope of consolidation after 5 September 2017.

The Company entered into an equity transfer agreement with Xinjiang Xingguang Chemical Industry Co., Ltd. on 11 October 2017 to sell its 100% equity interest in Xinjiang Jinneng Mining Co., Ltd. (“Xinjiang Jinneng”). The disposal date was 11 October 2017. The Company no longer included Xinjiang Jinneng in the scope of consolidation after 11 October 2017.

Harbour Able Company Limited, a subsidiary in which the Company originally held 100% equity interest, deregistered during the reporting period. It was excluded from the scope of consolidation during the reporting period.

Zijin Mining Construction Co., Ltd., a subsidiary of the Company, amalgamated and merged with Xiamen Zijin Engineering Design Co., Ltd. (“Xiamen Zijin Engineering”) in 2017. Therefore, Xiamen Zijin Engineering deregistered during the reporting period, and was excluded from the scope of consolidation during the reporting period.

**(III) Major financial indicators of the Company**

**1. Major financial indicators of the Company for the most recent three years and one quarter**

Financial indicator	31 March 2020/January to March 2020*	31 December 2019/Year 2019	31 December 2018/Year 2018	31 December 2017/Year 2017
Current ratio (rate)	0.79	0.86	0.82	1.00
Quick ratio (rate)	0.40	0.41	0.48	0.61
Debt-to-asset ratio (consolidation basis, %)	58.06	53.91	58.12	57.85
Debt-to-asset ratio (company basis, %)	42.45	40.97	48.64	53.69
Total asset turnover (time)	0.27	1.15	1.05	1.06
Trade receivables turnover (time)	40.74	137.14	91.14	90.32
Inventory turnover (time)	2.10	8.75	7.80	7.05
Net cash flows from operating activities/share (RMB/Share)	0.09	0.42	0.44	0.42
Net cash flows/share (RMB)	0.06	-0.15	0.18	0.05

Note: The calculation formulas of the abovementioned indicators are as follows:

- Current ratio = current assets ÷ current liabilities
- Quick ratio = (current assets – inventories) ÷ current liabilities
- Debt-to-asset ratio = (total liabilities ÷ total assets) x 100%
- Total asset turnover (time) = operating income ÷ average balance of total assets
- Trade receivables turnover = sales income ÷ average balance of trade receivables
- Inventory turnover = cost of sales ÷ average balance of inventories
- Net cash flows from operating activities/share = net cash flows from operating activities ÷ total number of ordinary shares as at the end of reporting period
- Net cash flows/share = net increase in cash and cash equivalent ÷ total number of ordinary shares as at the end of reporting period

\* Financial indicators from January to March 2020 are not on an annual basis

**2. Earnings per share and return on net assets before and after non-recurring profit or loss for the most recent three years**

According to the provisions in Accounting Standard for Business Enterprises No. 34 – Earnings Per Share, Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share (2010 revision) (CSRC Announcement [2010] No. 2) and Explanatory Announcement No. 1 on Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities – Non-recurring Profit or Loss (CSRC Announcement [2008] No. 43) issued by the CSRC, the return on net assets and earnings per share of the Company in the most recent three years are calculated as follows:

Item	Period	Weighted average return on net assets (%)	Earnings per share (RMB/Share)	
			Basic	Diluted
Net profit attributable to ordinary shareholders of the Company	Year 2019	11.38	0.18	0.18
	Year 2018	11.70	0.18	0.18
	Year 2017	11.10	0.16	0.16
Net profit attributable to ordinary shareholders of the Company after non-recurring profit or loss	Year 2019	10.61	0.17	0.17
	Year 2018	8.83	0.13	0.13
	Year 2017	8.49	0.12	0.12

**(IV) Analysis on the Company's financial status****1. Asset analysis**

During the reporting periods, the composition of the Company's assets is as follow:

Unit: RMB billion

Assets	31 March 2020		31 December 2019		31 December 2018		31 December 2017	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
<b>Current assets:</b>								
Cash and cash equivalents	7.8653190	5.63	6.2251448	5.03	10.0898908	8.94	5.9360667	6.65
Financial assets at fair value through profit or loss	–	–	–	–	–	–	2.5539277	2.86
Held for trading financial assets	1.8282845	1.31	0.6879515	0.56	0.7871344	0.70	–	–
Receivables financing	1.0583747	0.76	1.3185051	1.06	1.2430905	1.10	1.5193755	1.70
Trade receivables	0.7931069	0.57	0.9441157	0.76	1.0098711	0.89	1.2928645	1.45
Prepayments	2.0099091	1.44	1.3232482	1.07	1.4191625	1.26	1.3441412	1.50
Other receivables	0.7419735	0.53	0.8998474	0.73	1.4155126	1.25	1.1530030	1.29
Inventories	15.8260312	11.33	14.8865542	12.02	12.6696749	11.22	11.0898350	12.42
Held for sale assets	–	–	–	–	0.2461892	0.22	–	–
Current portion of non-current assets	0.9668571	0.69	0.9566929	0.77	0.3072340	0.27	0.2577757	0.29
Other current assets	1.2027083	0.86	1.3523364	1.09	1.2609283	1.12	3.5280214	3.95
<b>Total current assets</b>	<b>32.2925644</b>	<b>23.12</b>	<b>28.5943961</b>	<b>23.09</b>	<b>30.4486882</b>	<b>26.97</b>	<b>28.6750106</b>	<b>32.11</b>
<b>Non-current assets:</b>								
Available-for-sale investments	–	–	–	–	–	–	0.7782012	0.87
Other equity instrument investments	2.5477201	1.82	4.4104417	3.56	1.9837968	1.76	–	–
Long-term equity investments	6.9868012	5.00	6.9244161	5.59	7.0417533	6.24	6.7973482	7.61
Other non-current financial assets	0.5988781	0.43	0.9517794	0.77	0.4015137	0.36	–	–
Investment properties	0.1287329	0.09	0.1303734	0.11	0.6082218	0.54	0.3505405	0.39
Fixed assets	43.5308537	31.17	38.6247664	31.19	34.1444649	30.25	30.1361996	33.74
Construction in progress	7.2747948	5.21	5.8768294	4.75	5.3558058	4.74	3.2965684	3.69
Right-of-use assets	0.3437930	0.25	0.3547724	0.29	–	–	–	–
Intangible assets	32.0274316	22.93	24.1625085	19.51	22.5102802	19.94	9.9035260	11.09
Goodwill	0.3141496	0.22	0.3141496	0.25	0.3141496	0.28	0.4635977	0.52
Long-term deferred assets	0.8525624	0.61	1.2058379	0.97	0.9873155	0.87	1.1147586	1.25
Deferred tax assets	0.8924373	0.64	0.8366668	0.68	0.8847762	0.78	0.8401086	0.94
Other non-current assets	11.8869282	8.51	11.4440095	9.24	8.1985379	7.26	6.9594041	7.79
<b>Total non-current assets</b>	<b>107.3850830</b>	<b>76.88</b>	<b>95.2365511</b>	<b>76.91</b>	<b>82.4306156</b>	<b>73.03</b>	<b>60.6402530</b>	<b>67.89</b>
<b>Total assets</b>	<b>139.6776473</b>	<b>100.00</b>	<b>123.8309472</b>	<b>100.00</b>	<b>112.8793038</b>	<b>100.00</b>	<b>89.3152636</b>	<b>100.00</b>

As at the end of 2017, 2018, 2019 and March 2020, the total assets of the Company were RMB89.3152636 billion, RMB112.8793038 billion, RMB123.8309472 billion and RMB139.6776473 billion respectively. The asset scale was in an uprising trend. The increase in the total assets was mainly attributable to the expansion of the Company's business scale and successful completion of public issuance of A Shares.

As at the end of 2017, 2018, 2019 and March 2020, the current assets of the Company were RMB28.6750106 billion, RMB30.4486882 billion, RMB28.5943961 billion and RMB32.2925644 billion respectively, representing 32.11%, 26.97%, 23.09% and 23.12% of the total assets respectively. The proportion of current assets as at the end of 2018 decreased to a small extent compared with that at the end of 2017 was mainly attributable to the increase in intangible assets of the Company at the end of 2018 compared with the beginning of 2018, which was due to the completion of acquisition of Nevsun and other companies in 2018. The proportion of current assets as at the end of 2019 decreased to a small extent compared with that at the end of 2018, which was mainly attributable to the decrease in cash and cash equivalents after paying for outstanding amounts of consideration for project acquisitions. At the end of March 2020, the proportion of current assets to total assets did not vary significantly from that at the end of 2019.

As at the end of 2017, 2018, 2019 and March 2020, the non-current assets of the Company were RMB60.6402530 billion, RMB82.4306156 billion, RMB95.2365511 billion and RMB107.3850830 billion respectively, representing 67.89%, 73.03%, 76.91% and 76.88% of the total assets respectively. The proportion of non-current assets as at the end of 2018 increased compared with that at the end of 2017, which was mainly attributable to the completion of acquisition of Nevsun and other companies in 2018, leading to an increase in intangible assets of the Company at the end of 2018 compared with the beginning of the 2018. The proportion of non-current assets as at the end of 2019 increased compared with that at the end of 2018, which was mainly attributable to the increase in loans provided to joint ventures, and increase in other non-current assets due to increase in prepayments for land use rights. At the end of March 2020, the proportion of non-current assets to total assets did not vary significantly from that at the end of 2019.

## 2. Liability analysis

During the reporting periods, the composition of the Company's liabilities is as follow:

Unit: RMB billion

Liabilities	31 March 2020		31 December 2019		31 December 2018		31 December 2017	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
<b>Current liabilities:</b>								
Short-term borrowings	17.3698886	21.42	14.4409179	21.63	15.6166802	23.80	9.8558730	19.07
Financial liabilities at fair value through profit or loss	–	–	–	–	–	–	2.3142449	4.48
Held for trading financial liabilities	0.7251803	0.89	0.3261391	0.49	0.2424826	0.37	–	–
Bills payable	0.5442162	0.67	0.4208601	0.63	0.1607335	0.24	0.1794175	0.35
Trade payables	4.2557839	5.25	4.3821042	6.56	4.5402484	6.92	4.2168366	8.16
Advances from customers	–	–	–	–	–	–	2.1431111	4.15
Contract liabilities	0.7808298	0.96	0.3594536	0.54	0.2771251	0.42	–	–
Employee benefits payable	0.5856482	0.72	0.8522979	1.28	0.7266301	1.11	0.6617648	1.28
Taxes payable	1.1791081	1.45	0.9851934	1.48	0.9037821	1.38	1.1756935	2.28
Other payables	5.8516833	7.22	5.3268498	7.98	4.9795868	7.59	3.6463083	7.06
Held for sale liabilities	–	–	–	–	0.0687398	0.10	–	–
Current portion of non-current liabilities	9.2736446	11.44	5.7688401	8.64	9.7070890	14.80	4.6003433	8.90
Other current liabilities	0.5000000	0.62	0.5000000	0.75	–	–	–	–
<b>Total current liabilities</b>	<b>41.0659829</b>	<b>50.64</b>	<b>33.3626560</b>	<b>49.98</b>	<b>37.2230975</b>	<b>56.74</b>	<b>28.7935930</b>	<b>55.72</b>
<b>Non-current liabilities:</b>								
Long-term borrowings	17.1664899	21.17	13.8262215	20.71	12.9179157	19.69	6.5990468	12.77
Bonds payable	11.7130018	14.44	11.9664687	17.93	8.8794537	13.53	13.7791165	26.67
Lease liabilities	0.2617005	0.32	0.2823471	0.42	–	–	–	–
Long-term payables	2.4519506	3.02	1.2013917	1.80	0.7330779	1.12	0.5637036	1.09
Provision	2.9349403	3.62	2.9277123	4.39	2.6860905	4.09	0.8610143	1.67
Deferred income	0.4904821	0.60	0.4967202	0.74	0.4227831	0.64	0.4514194	0.87
Deferred tax liabilities	5.0126025	6.18	2.6878317	4.03	2.7431728	4.18	0.6245247	1.21
<b>Total non-current liabilities</b>	<b>40.0311675</b>	<b>49.36</b>	<b>33.3886931</b>	<b>50.02</b>	<b>28.3824936</b>	<b>43.26</b>	<b>22.8788253</b>	<b>44.28</b>
<b>Total liabilities</b>	<b>81.0971505</b>	<b>100.00</b>	<b>66.7513492</b>	<b>100.00</b>	<b>65.6055911</b>	<b>100.00</b>	<b>51.6724183</b>	<b>100.00</b>

As at the end of 2017, 2018, 2019 and March 2020, the total liabilities of the Company were RMB51.6724183 billion, RMB65.6055911 billion, RMB66.7513492 billion and RMB81.0971505 billion respectively, which showed an uprising trend.

As at the end of 2017, 2018, 2019 and March 2020, the current liabilities of the Company were RMB28.7935930 billion, RMB37.2230975 billion, RMB33.3626560 billion and RMB41.0659829 billion respectively, representing 55.72%, 56.74%, 49.98% and 50.64% of the total liabilities respectively. The proportion of current liabilities to total liabilities as at the end of 2019 decreased compared with that at the end of 2018, which was mainly attributable to the repayment of current portion of bonds payable, leading to a 40.57% decrease in current portion of non-current liabilities as at the end of 2019 compared with that at the end of 2018.

As at the end of 2017, 2018, 2019 and March 2020, the non-current liabilities of the Company were RMB22.8788253 billion, RMB28.3824936 billion, RMB33.3886931 billion and RMB40.0311675 billion respectively, representing 44.28%, 43.26%, 50.02% and 49.36% of the total liabilities respectively. The proportion of non-current liabilities to total liabilities as at the end of 2019 increased compared with that at the end of 2018, which was mainly attributable to the increase in issuance of mid-term notes of the Company in 2019, leading to a 34.77% increase in the balance of bonds payable as at the end of 2019 compared with that at the end of 2018.

### **3. Debt paying ability analysis**

During the reporting periods, the indicators of debt paying ability are as follows:

<b>Indicator</b>	<b>31 March 2020</b>	<b>31 December 2019</b>	<b>31 December 2018</b>	<b>31 December 2017</b>
Debt-to-asset ratio				
(consolidation basis, %)	58.06	53.91	58.12	57.85
Debt-to-asset ratio				
(company basis, %)	42.45	40.97	48.64	53.69
Current ratio (time)	0.79	0.86	0.82	1.00
Quick ratio (time)	0.40	0.41	0.48	0.61

During the reporting periods, the Company maintained a stable current ratio. In the Company's current assets, the proportion of inventories that are relatively easy to realise with a short payback period is comparatively high. Therefore, the quality of current assets was relatively good and the Company had a considerable ability to repay current liabilities. The Company's quick ratio was relatively low, mainly because: (1) the proportion of inventories in current assets was relatively high; (2) the proportion of balances of the Company's interest-bearing liabilities such as bank borrowings was comparatively high, resulting in certain pressure on repaying principals and interests.

There is an urgent need to improve the financial condition by adjusting the capital structure. During the reporting periods, the Company's debt-to-asset ratio remained in the range from 50% to 60%, and the debt ratio was relatively reasonable.

#### **4. Operating ability analysis**

During the reporting periods, the major indicators on operating ability of the Company are as follows:

<b>Indicator</b>	<b>January to March 2020</b>	<b>Year 2019</b>	<b>Year 2018</b>	<b>Year 2017</b>
Inventory turnover (time)	2.10	8.75	7.80	7.05
Trade receivables turnover (time)	40.74	137.14	91.14	90.32
Total assets turnover (time)	0.27	1.15	1.05	1.06

Note: the financial indicators from January to March 2020 are not on an annual basis.

As a mining company, the Company mainly supplies the basic raw materials required by the downstream industries. Therefore, trade receivables turnover and inventory turnover are relatively high. During the reporting periods, the Company's inventory turnover showed an upward trend, indicating that the Company's inventories had a strong liquidity, and the inventories and capital occupied by inventories had a fast turnover rate.

In 2019, the Company's operating income increased rapidly, resulting in a substantial increase in its trade receivables turnover in 2019, implying that the Company had a relatively strong comprehensive profitability.

#### **5. Profitability analysis**

Unit: RMB billion

<b>Indicator</b>	<b>January to March 2020</b>	<b>Year 2019</b>	<b>Year 2018</b>	<b>Year 2017</b>
Operating income	36.1618562	136.0979780	105.9942461	94.5486191
Operating profit margin	3.9251862	15.5153503	13.3428716	13.1766454
Taxes and surcharges	0.5704274	1.8741414	1.5989956	1.3523404
Expenses during the reporting periods	1.5931887	6.2069521	5.3810376	5.7559630
Operating profit	1.8786433	7.2420742	6.1813711	5.0266448
Profit before tax	1.8098702	6.9742788	6.1301798	4.5679602



<b>Indicator</b>	<b>January to March 2020</b>	<b>Year 2019</b>	<b>Year 2018</b>	<b>Year 2017</b>
Net profit attributable to owners of the parent	1.0400105	4.2839574	4.0937736	3.5077176
Net profit attributable to owners of the parent after non-recurring profit or loss	0.6504338	3.9967572	3.0612505	2.6969085

During the reporting periods, the Company was faced with changing market demands. Through strict control of costs, the Company timely adjusted the industrial structure, relied on main business of gold, copper and zinc mine development, covered refining and processing businesses to an optimal extent, formed an upstream and downstream synergy of the industrial chain, expanded the industry scale, improved industrial safety and obtained value-added income. Hence, it ensured the continuous growth of main business and operating income.

During the reporting periods, the Company had a better control on growth in expenses during the process of actively promoting the strategic layout of new businesses, therefore basically maintaining the stability of operating results. The Company's operating profit increased steadily, indicating that the Company has a strong profitability.

#### **V. USE OF THE PROCEEDS RAISED FROM THE ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS**

The total amount of proceeds proposed to be raised from the proposed Public Issuance of A Share Convertible Corporate Bonds will not exceed RMB6 billion (RMB6 billion inclusive), which is proposed to be used for the following projects after deduction of issuance expenses:

Unit: RMB billion

<b>Project name</b>	<b>Total project investment</b>	<b>Amount of proceeds raised to be invested</b>
The Kamo-a-Kakula Copper Mine project of Kamo-a Holding Limited in the DR Congo	5.1635074	3.14
Mining and processing project in the Upper Zone of the Timok Copper and Gold Mine of Rakita Exploration d.o.o. Bor in Serbia	3.3619773	2.18

<b>Project name</b>	<b>Total project investment</b>	<b>Amount of proceeds raised to be invested</b>
Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd.	0.9475115	0.68
<b>Total</b>	<b>9.4729962</b>	<b>6</b>

Notes:

1. The total investment in the Kakula Project and Timok Project is calculated based on the middle rate of foreign exchange rate quotation of USD1:RMB7.0865 of China Foreign Exchange Trade System on 12 June 2020.
2. The total investment in the Kakula Project is calculated based on the shareholding percentage of 49.50% held by the Company.

After the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the Company will invest the proceeds in the abovementioned projects in accordance with the actual need and priority of the projects. If the total investment of the projects exceeds the use of the proceeds raised, the amount of difference shall be self-financed by the Company. If the actual net amount of proceeds raised from the total proceeds raised under the Issuance after deduction of issuance expenses is less than the actual amount of funds required for the investment projects, the Company will make up the shortfall by self-financing.

Before the proceeds raised in the Issuance are deposited in the account, the Company will invest in the projects by self-financing first. And after the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the fund that have been invested in the projects shall be replaced according to relevant laws, regulations and procedures.

For details of the Projects to be Invested by the Proceeds Raised, please refer to Feasibility Report on the Use of Proceeds Raised in the Public Issuance of A Share Convertible Corporate Bonds for the Year 2020 of Zijin Mining Group Co., Ltd.\*.

**VI. FORMULATION AND EXECUTION OF PROFIT DISTRIBUTION POLICIES OF  
THE COMPANY****(1) Profit distribution policies of the Company**

According to the “Regulatory Guidelines of Listed Companies No. 3 – Cash Dividends of Listed Companies” issued by the CSRC and the relevant requirements for a sound cash dividend system issued by the CSRC Fujian Bureau, taking into account the actual situation of the Company, and after being considered and approved at the Company’s shareholders’ general meeting, the Company’s profit distribution policies were revised as follows:

**1. Principles of profit distribution**

The Company shall fully regard reasonable returns to investors as an important matter in profit distribution, while taking into account the sustainable development of the Company and maintaining the continuity and stability of the profit distribution policies, which shall comply with the provisions of the relevant laws and regulations. The profits distributed by the Company shall not exceed the amount of accumulated distributable profits, and shall not damage the Company’s capacity in sustainable operation. The Company shall actively promote distribution of cash dividends.

**2. Form of profit distribution**

The Company may distribute dividends in cash, bonus shares or by other means as allowed by laws and regulations. Among the above means of profit distribution, the Company shall take distribution of cash dividends as the preferential means.

**3. Conditions of profit distribution in cash**

In accordance with the Company Law of the PRC, other relevant laws and regulations and the provisions of the Articles of Association, when the distributable profit of the Company which includes the current year’s net realised profit after deducting losses, full provisions of statutory reserve and discretionary reserve is positive, and the audit body has issued a standard and unqualified audit report for the Company’s annual financial report (financial report in relation to interim profit distribution in cash can be unaudited), the Company shall make a cash dividend distribution plan except in special circumstances (such as material investment plans or material cash expenditures, etc.).

When the Company meets the above conditions of profit distribution in cash but does not distribute cash dividends for special reasons, the Board shall give detailed reasons for not distributing cash dividends and the use of undistributed profits. After the independent Directors have provided their opinion, it shall be tabled to the shareholders' general meeting for consideration.

**4. The Board of the Company shall comprehensively take into account factors including the characteristics of the industry of the Company, the Company's development stage, its own business model, profitability, and if there are any substantial capital expenditure arrangements, etc., to categorise the Company's situation into the followings and propose a differentiated cash dividend distribution policy according to the procedures as stipulated in the Articles of Association**

- (1) If the Company's development is in maturity stage without substantial capital expenditure arrangement, during profit distribution, the proportion of cash dividends of the profit distribution shall not be less than 80%;
- (2) If the Company's development is in maturity stage with substantial capital expenditure arrangements, during profit distribution, the proportion of cash dividends of the profit distribution shall not be less than 40%;
- (3) If the Company's development is in growth stage with substantial capital expenditure arrangements, during profit distribution, the proportion of cash dividends of the profit distribution shall not be less than 20%;

If the development stage of the Company cannot be easily identified but there are substantial capital expenditure arrangements, it can be carried out in accordance with the preceding paragraph.

**5. Intervals and proportion of profit distribution**

Subject to the premise of fulfilling the profit distribution conditions under the provisions of the Articles of Association, the Company shall at least carry out profit distribution once a year. The Board of the Company can propose to distribute interim cash dividends according to the operating conditions and capital requirements of the Company.

On satisfaction of the abovementioned conditions to distribute cash dividends, the Company's accumulative profit distribution in cash for the last 3 years shall not be less than 60% of the average annual distributable profits realised for the last 3 years, that is: (the accumulative profit distribution in cash for the last 3 years  $\geq$  (sum of the annual distributable profit realised in the last 3 consecutive years) $\div 3 \times 60\%$ ). In principle, the Company's annual distribution of cash dividends shall not be less than 15% of the realised distributable profits for the year (excluding the undistributed profits of last year).

#### **6. Conditions for distribution of bonus shares**

The Board of the Company may consider adopting methods such as distribution of bonus shares and conversion of capital reserves into issued capital for distribution. The Company shall consider the scale of the existing share capital before distribution of bonus shares, and pay attention to simultaneous growth in share capital and operating performance.

#### **7. Formulation procedures of profit distribution plan**

According to the provisions of the Articles of Association, the Board may, after fully considering a variety of factors such as the Company's profitability, cash flow conditions, reproduction and investment needs of the Company together with the requests of shareholders (especially minority shareholders), and the opinion of independent Directors and Supervisors, propose an annual or interim profit distribution plan for the Board's consideration.

The profit distribution plan shall be approved by more than half of the Board at the Board meeting, and by more than half of the voting rights held by the shareholders attending the shareholders' general meeting. If the shareholders' general meeting considers the proposal of dividend distribution by bonus shares or conversion of capital reserves into issued capital for distribution, the proposal shall be approved by more than two-thirds of the voting rights held by the shareholders attending the shareholders' general meeting.

When formulating cash dividend distribution proposal, the Board of the Company shall actively communicate and exchange views with shareholders, especially minority shareholders through various channels (including but not limited to telephone, fax and mail communication, etc.), to fully listen to their views and requests, and provide timely responses to minority shareholders' concerns. Independent Directors shall deliver independent opinion on the dividend distribution proposal.

**8. Amendment procedures of profit distribution policies**

If there are material changes in the external environment or the Company's own operating conditions, where amendments of the profit distribution policies are necessary, protection for the interest of minority shareholders of the Company shall be fully taken into account. The amended profit distribution policies shall not violate the requirements of relevant laws, regulations and regulatory documents. The proposal for amendment of profit distribution policies shall be considered at the Board meeting and the shareholders' general meeting. The proposal for amendment of profit distribution policies shall be approved by more than two-thirds of the Board at the Board meeting. The proposal for amendment of profit distribution policies shall be approved by more than two-thirds of the voting rights held by the shareholders attending the shareholders' general meeting.

When considering amendment of profit distribution policies, especially profit distribution in cash, the Board shall fully listen to the opinion of shareholders (especially minority shareholders of the Company), independent Directors and Supervisors.

- 9. The Company's shareholders, independent Directors and supervisory committee shall supervise the execution progress and decision-making procedures of the Company's profit distribution policies executed by the Board and management.**
- 10. During the implementation of profit distribution proposal, if there is any misappropriation of the Company's capital by any shareholder of the Company, the Company shall deduct the cash dividends allocated to such shareholder in order to repay the amount of misappropriated capital.**
- 11. With respect to executing the right to confiscating unclaimed dividends, the right cannot be executed until the relevant effective period expires.**
- 12. When formulating, considering and executing a specific profit distribution proposal, the Board shall comply with profit distribution policies as stipulated in applicable laws, administrative regulations, administrative rules of governmental departments, regulatory documents and the provisions of the Articles of Association.**
- 13. The Company shall disclose the execution status of distribution proposal and cash dividend distribution policies in its regular reports and indicate if it is compliant with laws and regulations.**

**(2) The Company's cash dividend distribution in the most recent three years**

As at the date of the Plan, the Company's profit distribution plan or proposal for cash dividends for the last three years (including the amount listed company used as cash consideration, repurchase of shares by means of offer and centralised bidding) are as follows:

Unit: RMB billion

Year of profit distribution	Amount of cash dividend (tax included)	Amount of cash repurchase (excluding commission and other expenses)	Net profit attributable to shareholders of listed company in the consolidated financial statements	Percentage of dividends to net profit attributable to shareholders of the listed company in the consolidated financial statements (%)
2019	2.5377260	–	4.2839574	59.24
2018	2.3031219	–	4.0937736	56.26
2017	2.0728097	–	3.5077176	59.09
<b>The proportion of accumulated cash dividend in the most recent three years to the average net profit in the last three years</b>				<b>174.51</b>

Note: Cash dividend distribution plan in 2019 has not yet been implemented.

**(3) Use of undistributed profit of the Company in the most recent three years**

From 2017 to 2019, the remaining undistributed profit of the net profit attributable to owners of the parent realised by the Company after the Company made provision for statutory reserve and distributed dividends to the shareholders was reserved for the next year, which was mainly used for the daily production and operation of the Company.

**(4) Profit distribution plan for the next three years of the Company**

In order to further specify the provisions in relation to decision-making procedures of profit distribution policies and allocation policies in the Articles of Association and enhance the transparency and practicability of cash dividend distribution, for the purpose of supervision of investors on the operation and profit distribution of the Company, pursuant to Notice in relation to Further Implementing Cash Dividend Distribution of

Listed Companies (Zheng Jian Fa [2012] No. 37), Regulatory Guidelines of Listed Companies No. 3 – Cash Dividends of Listed Companies (Zheng Jian Fa [2013] No. 43) as well as Notice in relation to Further Implementing Cash Dividend Distribution issued by the CSRC Fujian Branch (Min Zheng Jian Gong Si Zi [2012] No. 28), following the principles of refining the profit distribution decisions and supervision of the Company, giving consideration to the production, operation and sustainable development of the Company and offering reasonable return to investors, the Company formulated the Profit Distribution and Return Plan for the Next Three Years (Year 2020-2022) (the “Profit Distribution and Return Plan”), which is subject to the approvals of the Board of the seventh term and the shareholders’ general meeting. Details of the plan are as follows:

**“1. Principles on the formulation of the plan**

The Company shall fully regard reasonable returns to investors as an important matter in profit distribution, while taking into account the sustainable development of the Company and maintaining the continuity and stability of the profit distribution policies, which shall comply with the provisions of the relevant laws and regulations. The profits distributed by the Company shall not exceed the amount of accumulated distributable profits, and shall not damage the Company’s capacity in sustainable operation. The Company shall actively promote distribution of cash dividends.

**2. Details of Profit Distribution and Return Plan of the Company for the Next Three Years (2020-2022)**

**(1) Forms of profit distribution**

The Company may distribute dividends in cash, bonus shares or by other means as allowed by laws and regulations. Among the above means of profit distribution, the Company shall take distribution of cash dividends as the preferential means.

**(2) Conditions of profit distribution in cash**

In accordance with the Company Law of the People’s Republic of China, other relevant laws and regulations and the provisions of the Articles of Association, when the distributable profit of the Company which includes the current year’s net realised profit after deducting losses, full provisions of statutory reserve and discretionary reserve is positive, and the audit body has issued a standard and unqualified audit report for the Company’s annual financial report (financial report in relation to interim profit distribution in



cash can be unaudited), the Company shall make a cash dividend distribution plan except in special circumstances (such as material investment plans or material cash expenditures, etc.).

When the Company meets the above conditions of profit distribution in cash but does not distribute cash dividends for special reasons, the Board shall give special explanation for the matters including detailed reasons for not distributing cash dividends and the use of undistributed profits. After the independent Directors have provided their opinion, it shall be tabled to the shareholders' general meeting for consideration.

(3) The Board shall comprehensively take into account factors including the characteristics of the industry of the Company, the Company's development stage, own business model, profitability, and if there are any substantial capital expenditure arrangements, etc., to categorise the Company's situation into the followings and propose a differentiated cash dividend distribution policy according to the procedures as stipulated in the Articles of Association:

- ① If the Company's development is in maturity stage without substantial capital expenditure arrangement, during profit distribution, the proportion of cash dividends of the profit distribution shall not be less than 80%;
- ② If the Company's development is in maturity stage with substantial capital expenditure arrangements, during profit distribution, the proportion of cash dividends of the profit distribution shall not be less than 40%;
- ③ If the Company's development is in growth stage with substantial capital expenditure arrangements, during profit distribution, the proportion of cash dividends of the profit distribution shall not be less than 20%; if the development stage of the Company cannot be easily identified but there are substantial capital expenditure arrangements, it can be carried out in accordance with the preceding paragraph.

(4) Intervals and proportion of profit distribution

Subject to the premise of fulfilling the profit distribution conditions under the provisions of the Articles of Association, the Company shall at least carry out profit distribution once a year. The Board can propose to distribute interim cash dividends according to the operating conditions and capital requirements of the Company.

On satisfaction of the abovementioned conditions to distribute cash dividends, the Company's accumulative profit distribution in cash for the last 3 years shall not be less than 90% of the average annual distributable profits realised for the last 3 years, that is: (the accumulative profit distribution in cash for the last 3 years  $\geq$  [sum of the annual distributable profit realised in the last 3 consecutive years]/3 x 90%). In principle, the Company's annual distribution of cash dividends shall not be less than 30% of the realised distributable profits for the year (excluding the undistributed profits of last year).

(5) Conditions for distribution of bonus shares

The Board may consider adopting methods such as distribution of bonus shares and conversion of capital reserves into issued capital for distribution. The Company shall consider the scale of the existing share capital before distribution of bonus shares, and pay attention to simultaneous growth in share capital and operating performance.

(6) Formulation procedures of profit distribution plan

According to the provisions of the Articles of Association, the Board may, after fully considering a variety of factors such as the Company's profitability, cash flow conditions, reproduction and investment needs of the Company together with the requests of shareholders (especially minority shareholders), and the opinion of independent Directors and supervisors, propose an annual or interim profit distribution plan for the Board's consideration.

The profit distribution plan shall be approved by more than half of the Board at the Board meeting, and by more than half of the voting rights held by the shareholders attending the shareholders' general meeting. If the shareholders' general meeting considers the proposal of dividend distribution by bonus shares or conversion of capital reserves into issued capital for distribution, the proposal shall be approved by more than two-thirds of the voting rights held by the shareholders attending the shareholders' general meeting.

When formulating cash dividend distribution proposal, the Board shall actively communicate and exchange views with shareholders, especially minority shareholders through various channels (including but not limited to telephone, fax and mail communication, etc.), to fully listen to their views and requests, and provide timely responses to minority shareholders' concerns. Independent Directors shall deliver independent opinion on the dividend distribution proposal.

(7) Amendment procedures of profit distribution policies

If there are material changes in the external environment or the Company's own operating conditions, where amendments of the profit distribution policies are necessary, protection for the interest of minority shareholders of the Company shall be fully taken into account. The amended profit distribution policies shall not violate the requirements of relevant laws, regulations and regulatory documents. The proposal for amendment of profit distribution policies shall be considered at the Board's meeting and the shareholders' general meeting. The proposal for amendment of profit distribution policies shall be approved by more than two-thirds of the Board at the Board's meeting, and independent Directors shall provide independent opinion. The proposal for amendment of profit distribution policies shall be approved by more than two-thirds of the voting rights held by the shareholders attending the shareholders' general meeting.

When considering amendment of profit distribution policies, especially profit distribution in cash, the Board shall fully listen to the opinion of shareholders (especially minority shareholders of the Company), independent Directors and Supervisors.

(8) The Company's shareholders, independent Directors and supervisory committee shall supervise the execution progress and decision-making procedures of the Company's profit distribution policies executed by the Board and management.

(9) During the implementation of profit distribution proposal, if there is any misappropriation of the Company's capital by any shareholder of the Company, the Company shall deduct the cash dividends allocated to such shareholder in order to repay the amount of misappropriated capital.

- (10) With respect to executing the right to confiscating unclaimed dividends, the right cannot be executed until the relevant effective period expires.
- (11) When formulating, considering and executing a specific profit distribution proposal, the Board shall comply with profit distribution policies as stipulated in applicable laws, administrative regulations, administrative rules of governmental departments, regulatory documents and the provisions of the Articles of Association.
- (12) The Company shall disclose the execution status of distribution proposal and cash dividend distribution policies in its regular reports and indicate if it is compliant with laws and regulations.

**3. Mechanism for the Profit Distribution and Return Plan to take effect**

This Profit Distribution and Return Plan shall be interpreted by the Board and take effect after being considered and approved by the shareholders of the Company at the shareholders' general meeting."

Zijin Mining Group Co., Ltd.\*  
Board of Directors  
12 June 2020

\* *The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.



**Zijin Mining Group Co., Ltd.\***

**Feasibility Report on the Use of Proceeds Raised in the  
Public Issuance of A Share Convertible Corporate Bonds for  
the Year 2020**

**June 2020**

### Definitions

In this Report, unless otherwise indicated in the context, the following expressions have the meanings set out below:

#### Definitions of frequently-used and profession terms

Issuer, Zijin Mining or Company	Zijin Mining Group Co., Ltd.* (紫金礦業集團股份有限公司)
Issuance or Public Issuance of A Share Convertible Corporate Bonds	the act of public issuance of A Share Convertible Corporate Bonds denominated in Renminbi within the PRC of Zijin Mining Group Co., Ltd.*
Report or Feasibility Report	Feasibility Report on the Use of Proceeds Raised in the Public Issuance of A Share Convertible Corporate Bonds for the Year 2020 of Zijin Mining Group Co., Ltd.*
Projects to be Invested by the Proceeds Raised	the projects to be invested by the proceeds raised from the Public Issuance of A Share Convertible Corporate Bonds, i.e. the Kamoa-Kakula Copper Mine project of Kakula Holding Limited in the DR Congo, mining and processing project in the Upper Zone of the Timok Copper and Gold Mine of Rakita Exploration d.o.o. Bor in Serbia and Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd.
RMB	Renminbi
USD	United States Dollars, the lawful currency of the United States
Gold Mountains (H.K.)	Gold Mountains (H.K.) International Mining Company Limited, a wholly-owned subsidiary of the Company
Nevsun	Nevsun Resources Ltd.
Rakita	Rakita Exploration d.o.o. Bor
Kamoa Copper	Kamoa Copper SA
Kakula Project	the Kamoa-Kakula Copper Mine project of Kakula Holding Limited in the DR Congo

<b>APPENDIX 2</b>	<b>FEASIBILITY REPORT ON THE USE OF PROCEEDS RAISED IN THE PUBLIC ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS FOR THE YEAR 2020</b>
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Timok Project	Mining and processing project in the Upper Zone of the Timok Copper and Gold Mine of Rakita Exploration d.o.o. Bor in Serbia
Tongshan Project	Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd.
National Development and Reform Commission	The National Development and Reform Commission of the PRC
Ministry of Commerce	The Ministry of Commerce of the PRC

## 1. GENERAL INFORMATION OF THE PROCEEDS TO BE RAISED

The total amount of proceeds proposed to be raised from the proposed Public Issuance of A Share Convertible Corporate Bonds will not exceed RMB6 billion (RMB6 billion inclusive), which is proposed to be used for the following projects after deduction of issuance expenses:

Unit: RMB billion

Project name	Total project investment	Amount of proceeds raised to be invested
The Kamo-a-Kakula Copper Mine project of Kamo-a Holding Limited in the DR Congo	5.1635074	3.14
Mining and processing project in the Upper Zone of the Timok Copper and Gold Mine of Rakita Exploration d.o.o. Bor in Serbia	3.3619773	2.18
Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd.	0.9475115	0.68
<b>Total</b>	<b>9.4729962</b>	<b>6</b>

Notes:

- The total investment in the Kakula Project and Timok Project is calculated based on the middle rate of foreign exchange rate quotation of USD1:RMB7.0865 of China Foreign Exchange Trade System on 12 June 2020.
- The total investment in the Kakula Project is calculated based on the shareholding percentage of 49.50% held by the Company.

After the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the Company will invest the proceeds in the abovementioned projects in accordance with the actual need and priority of the projects. If the total investment of the projects exceeds the use of the proceeds raised, the amount of difference shall be self-financed by the Company. If the actual net amount of proceeds raised from the total proceeds raised under the Issuance after deduction of issuance expenses is less than the actual amount of funds required for the investment projects, the Company will make up the shortfall by self-financing.

Before the proceeds raised in the Issuance are deposited in the account, the Company will invest in the projects by self-financing first. And after the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the fund that have been invested in the projects shall be replaced according to relevant laws, regulations and procedures.

## **II. BACKGROUND AND OBJECTIVES OF THE ISSUANCE**

### **(1) Background of the Issuance**

Zijin Mining is a large-scale mining group focusing on exploration and development of mineral resources including gold, copper, zinc and other base metals with high technology and efficiency. It mainly engages in the exploration, mining, refining and processing of gold, copper, lead and zinc and other mineral resources, and sales of related products.

After continuous, rapid and leaping development for more than two decades, the Company realises consistent growth in asset scale and significant increase in profitability, taking a leading position in domestic metal mining industry in terms of various indicators and competitiveness, and gradually becomes an important global producer of mineral products including gold, copper and zinc. The Company owns significant mining investment projects in 14 provinces (regions) domestically and 12 countries overseas. The major projects are 14 key mines in production in China including the Zijinshan Gold and Copper Mine and the Heilongjiang Duobaoshan Copper Mine, and 8 large-scale overseas mines in production including the Paddington Operations in Australia and the Kolwezi Copper and Cobalt Mine in the DR Congo. The Buriticá Gold Mine in Colombia which is in pilot production, the Kamoa Copper Mine in the DR Congo which is expected to commence production in 2021 and the Timok Copper and Gold Mine in Serbia are super large-scale world-class high-grade mines in construction. Overseas projects basically locate in countries along the “Belt and Road Initiative”.



The Company is one of the sizable mining companies generating the best efficacy, controlling the highest metal resources reserve volume, having the highest production volumes and performing most competitively in the Chinese mining industry. At present, the Company is one of the largest gold production enterprises in the PRC, one of the leading mine-produced copper producers in the PRC, the largest producer of mine-produced zinc in the PRC and an important producer of silver, iron and other metals. The rankings published by the Forbes Magazine in 2020 show that the Company ranked the 778th in the list of “Global 2000: The World’s Largest Public Companies”, on which the Company ranked 1st among the Chinese gold corporations and non-ferrous metal corporations, 3rd among the global gold corporations and 9th among the global non-ferrous metal corporations. According to Fortune in 2019, the Company ranked 87th in Fortune China 500. In the Top 500 Enterprises of China released by China Enterprise Confederation in 2019, the Company ranked 1st in terms of profit among non-ferrous (gold) mining enterprises.

The Company has advantages in autonomous technological innovation. The Company possesses core technologies and occupies a leading position in the industry in the aspects of geological prospecting, hydrometallurgy, comprehensive recovery and utilisation of low-grade refractory resources, large-scale engineering development and so on. The Company is one of the few multinational mining companies around the globe equipped with autonomous system technology and engineering management capabilities, with comprehensive scientific research system and institutions. The Company owns a batch of high-level research and development platforms and design entities for scientific research including the exclusive State Key Laboratory in domestic gold industry, the state-accredited enterprise technology centres, workstations for academicians’ scientific research, workstations for post-doctors’ scientific research, mining and metallurgy research institute, etc. A technological innovation system with Zijin’s characteristics and a batch of autonomous intellectual property rights and scientific research achievements are formed. The Company, together with 14 subsidiaries, were recognised as the national “High and New Technology Enterprises”. Mr. Chen Jinghe, the founder and the chairman of the Company, is also the discoverer, researcher and exploration leader of the Zijinshan Gold and Copper Mine.

The Company was listed on the Hong Kong Stock Exchange in 2003 successfully, being the first company listed on the H Share market in the Chinese gold industry. The Company returned to A Share market in 2008 and was the first reform and innovation model company to issue shares at a face value of RMB0.1 in the A Share market.

With specified strategic goal and clear orientation, the Company insists on the main businesses of mineral products of gold, copper and zinc and operates in a consistent and firm manner. The majority of the Company's management personnel are industry experts, who are professional, dedicated and loyal. At the end of 2019, the Company completed the change to a new term of management, who own abundant experience in project construction, operation and management home and abroad.

### **1. Business operation of the Company**

As of the end of the first quarter of 2020, the Company's total assets and net assets attributable to owners of the parent were RMB139.678 billion and RMB49.639 billion respectively. The Company's operating income in 2019 was RMB136.098 billion, of which, sales income (after elimination) from gold, copper, lead and zinc, silver, iron ore and other products accounted for 57.98%, 19.22%, 5.44% and 17.36% of the total operating income respectively, while their gross profit accounted for 30.94%, 35.62%, 11.85% and 21.59% of the total gross profit respectively.

In terms of gold production, the Company produced 301.29 tonnes of gold in 2019, including 40.83 tonnes of mine-produced gold and 260.46 tonnes of refined, processed and trading gold. The Company's mine-produced gold production volume continues to increase, and the income generated raises substantially as well.

In terms of copper production, the Company produced 871.3 thousand tonnes of copper in 2019, including 369.9 thousand tonnes of mine-produced copper and 501.4 thousand tonnes of refined copper. The Company's mine-produced copper production volume has increased significantly, and the income generated has been growing steadily.

In terms of zinc production, the Company produced 602.6 thousand tonnes of zinc in 2019, including 374.1 thousand tonnes of mine-produced zinc in concentrate form and 228.5 thousand tonnes of zinc bullion were produced from refineries. As an important segment of the Company, zinc production is steadily increasing, which will continue to contribute stable income to the Company.

As at the end of 2019 (excluding the Buriticá Gold Mine), the Company's retained resources reserve volumes of key mines (grade 333 or above) were: 1,886.87 tonnes of gold, 57.2542 million tonnes of copper, 8.5583 million tonnes of zinc, 1.1789 million tonnes of lead, 1,860.64 tonnes of silver, 199 million tonnes of iron ore, etc. The Company's major mineral resources reserve volumes reached the level of international first-tier mining company.

**2. Development strategies of the Company**

The Company insists on combination of main businesses of gold and copper mineral products and other metallic mineral businesses, integration among mining industry, finance and trading and connection of priority in resources and structure optimisation. The Company holds firm to the macro strategic position that joins the forces of internationalisation, project upsizing and asset securitisation, puts full efforts in implementing the Guiding Opinion on the Work (2020-2022) and Production Volume Plan for Major Products for the Next Three Years (2020-2022) proposed by the Board of Directors of the Company, and strives to reach the overall strategic goal of becoming an “extra-large scale international mining group with high technology and efficiency” by 2030. The years 2020-2022 serve as the key period for the Company to realise the overall strategic goal and leaping growth. With the overall roadmap of “deepening reform, leaping growth and continued development” and the direction of marketisation reform, the Company shall develop a highly compatible and new-style internationalised management system. Prioritising the transformation from resource advantage to economic efficacy, the Company shall achieve a leaping growth on a corporate level, significantly elevate the corporate value, fully enhance the autonomous capabilities of capital, resource and talents, improve the technology and informatisation standards and strengthen the core competitiveness and sustainable development capacity of the Company.

**3. Main competitive advantages of the Company**

The Company gradually formed the following main competitive advantages during the development process.

**(1) Strategic-orientated and clear goals**

At the end of 2019, the Company completed the change to a new term of management. The management puts full efforts in implementing the Guiding Opinion on the Work (2020-2022) and Production Volume Plan for Major Products for the Next Three Years (2020-2022) according to the development and requirement in the era and strives to reach the overall strategic goal of becoming an “extra-large scale international mining group with high technology and efficiency” by 2030.

**(2) Steady improvement in major technological and economic indicators**

At the end of 2019, the Company’s total assets reached RMB123.831 billion and realised annual sales income of RMB136.098 billion. Profit before tax and net assets attributable to owners of the parent also achieved favourable growth. The Company’s resource utilisation level was greatly improved and enhanced. Ore dilution rate and ore processing recovery rate raise continuously. The Company’s asset quality is high, especially the mineral resource base that supports the

Company's continuous growth. The Company's gold segment continues to maintain its leading position in the industry, and the copper and zinc segments have become new important growth drivers.

(3) Significant elevation in the Company's brand and position in the industry

The rankings published by the Forbes Magazine in 2020 show that the Company ranked the 778th in the list of "Global 2000: The World's Largest Public Companies", on which the Company ranked 1st among the Chinese gold corporations and non-ferrous metal corporations, 3rd among the global gold corporations and 9th among the global non-ferrous metal corporations. According to Fortune in 2019, the Company ranked 87th in Fortune China 500. In the Top 500 Enterprises of China released by China Enterprise Confederation in 2019, the Company ranked 1st in terms of profit among non-ferrous (gold) mining enterprises. The Company became one of the first 234 large-cap A Shares to be included in the MSCI index. Three major internationally renowned credit rating agencies including Moody's, S&P and Fitch first issued corporate credit rating reports for the Company, all of which are investment-grade credit ratings. The comprehensive credit granted by major commercial banks exceeded RMB150 billion. The Company is one of the most effective large-scale mining companies in the Chinese mining industry controlling the largest resources reserve volumes and yielding the largest production volume, and it is one of the most competitive as well.

(4) Evident acceleration in the process of internationalisation

The number of the Company's overseas projects continues to increase. They have become the Company's largest growth drivers. As at the date of the Report, the overall resources reserve volumes and production volumes of overseas gold and copper have surpassed or will soon exceed the domestic volumes. The Company's new round of development characterised by internationalisation shows a good trend.

(5) Fully strengthen the sustainable development capabilities of the Company

The Company stands firm in its mineral resources priority strategy. By way of merger and acquisition and self-initiated exploration, the Company further increases the total volume of mineral resources with significant value and the proportion of usable reserves, insists on innovation in technology and project management, promotes the orientation of ore processing treatments and coordinated researches and solves the technological and project management problems in five procedures including geological prospecting, mining, processing, refining and environmental protection, in order to promote and apply the project management model of "integrating five ore treatment processes into one" with the goal of maximisation of economic and social benefits. The deep integration among informatisation,

production, operation and management is encouraged. The Company is consistent in complying with laws and regulations and creates a new name card of safety, environmental protection and eco-development, by striving to reach the targets of “zero work fatality, zero occupational disease and zero environmental incident”. The Company insists on value creation and market principle, cultivates a talent force compatible with corporate development, enhances the training of high-quality industrial technicians and encourages youth talents in the office to work and improve themselves at the frontline of base level and overseas projects. The Company upholds the principle of equality, mutual trust, cooperation and win-win situation, and realises effective coordination with stakeholders. The Company persists in refining and improving supervisory work and nurturing an operation and management environment with honesty and integrity. The Company carries on to push forward the highly efficient coordination in governance system, establishes a fine coordinative mechanism comprising Party Committee, board of directors, supervisory committee and senior management, fully improves the corporate culture development and proactively explores the mutual integration between exceptional Zijin culture and actual situations in locality of projects in internationalised development.

#### **4. Safety and environmental protection come first, operation in compliance with laws and regulations**

Adhering to the goal of “zero work fatality, zero occupational disease and zero environmental incident”, the Company continuously maintained a high-handed posture in terms of safety and environmental protection, comprehensively strengthened occupational health management, significantly increased the awareness of safety and environmental protection among all employees, and gradually improved management system development. In 2019, the loss rate per a million working hours in overseas projects is close to the level of international leading enterprises. The Company established the concept of “green mountains and clear water are our invaluable assets”, with environmental protection and ecological development significantly improved. The Company currently owns 9 national “green mines”, 2 national “green factories” and 3 provincial “green factories” in China. The Company adhered to strict corporate governance and complied with laws and regulations during operation, gave full play to the role of the “five-in-one” supervision and inspection, comprehensively carried out the development of clean governance of the Party and anti-corruption work, and created an honest and righteous environment for sound corporate development. The Company’s internationalised corporate culture was enriched with the characteristic of building a “community of shared future for the world”.

**5. Strive to be an excellent corporate citizen and actively fulfill social responsibilities**

The proceeds raised from listing of the Company's H Shares and A Shares were RMB1.408 billion and RMB9.982 billion respectively. The proceeds raised in the non-public issuance of A Shares in 2016 and the proceeds raised in the public issuance of A Shares in 2018 were RMB4.635 billion and RMB7.847 billion respectively. The total equity financing amount was RMB23.872 billion. Since the Company is listed on the market, A+H Shares have distributed dividends to shareholders with an accumulated amount of RMB22.64 billion. The shareholders have obtained considerable returns. The Company actively fulfilled its social responsibilities, established Zijin Mining Charity Foundation which has made donation of more than RMB2 billion. It was awarded "China Charity Award", the top charity award in China, for three times successively, and awarded the "Top Ten China Charity Enterprises" in 2019. Since the novel coronavirus pneumonia outbreak, the Company has paid close attention to the development of the epidemic and actively supported global anti-epidemic events. The Company has donated subsidies to Fujian Province's medical team assisting Hubei Province; the Company actively responded to the calls of President Xi Jinping and President Vučić of Serbia and donated the full expense to build a "Fire Eye" laboratory on its own in Niš, a city in southern Serbia, making great contributions to the friendship between the people of China and Serbia.

**6. Driven by national foreign investment policies, strive to be the pioneer of the "Belt and Road Initiative" in the Chinese mining industry**

In March 2015, the implementation of the "Belt and Road Initiative" strategy was announced by the state, and Fujian Province was positioned as the "Core Area of the 21st Century Maritime Silk Road". The "Belt and Road Initiative" strategy encourages more international exploration and development cooperation in traditional and strategic energies and resources such as metal mineral resources, and it has brought unprecedented opportunities for the development of the Chinese mining industry. Countries along the "Belt and Road Initiative" have rich mineral resources and occupy an important share and position in the global mining industry chain. The Company's headquarters is located in the core area of the Maritime Silk Road. The advantages of talents, technology and capital accumulated over the years and rich mineral resources and broad market along the route are combined with each other, and the room for development is large. In the overseas regions along the "Belt and Road Initiative", Zeravshan, a subsidiary of the Company, has become the most important gold enterprise in Tajikistan. The Tuva Zinc and Polymetallic Mine of Longxing Limited Liability Company in Russia is one of the earliest and the best Sino-Russian cooperations in the aspect of mining. The Taldybulak Levoberezhny Gold Mine is the third largest gold mine in Kyrgyzstan; the Timok Copper and Gold Mine and the Bor Copper Mine in Serbia generate synergy, both are models of Sino-Serbian cooperation; after the Buriticá Gold Mine in Colombia completes construction and commences production, it will become the largest gold mine in Colombia.

For the Company's Projects to be Invested by the Proceeds Raised this time, the Kakula Project and the Timok Project are important mining projects in the countries along the "Belt and Road Initiative", being the pioneers of the "Belt and Road Initiative" in the Chinese mining industry.

**(2) The necessity and rationality of the Issuance**

**1. Meet the capital demand and optimise financial structure**

As at 31 March 2020, the debt-to-asset ratio of the Company (on consolidation basis) was 58.06%. The total investment amount of the three Projects to be Invested by the Proceeds Raised is approximately RMB9.5 billion, and the amount of proceeds raised proposed to be used will not exceed RMB6 billion. After the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the Company will invest the proceeds in the abovementioned projects in accordance with the actual need and priority of the projects. After conversion of the A Share Convertible Corporate Bonds into A Shares by the Bondholders, the Company's share capital will increase, the capital strength will be enriched, the business scale will be expanded, and the Company's financial structure will be improved.

**2. Select the optimal financing instruments to meet the needs of the Company and investors**

As an optimal financing instrument, convertible bonds have the advantages of being "attackable and defensible" for both issuers and investors. For issuers, the requirements for issuing A Share convertible corporate bonds are high. It has high requirements for the Company's profitability and compliance. At the same time, the financing cost of convertible bonds is low, which can meet the Company's financing needs. For investors, convertible bonds are "the stocks with guaranteed principal". If the Company's future operating results grow and the stock price rises, investors can convert the convertible bonds into target stocks, obtain income from the sale of stocks or receive dividends, so as to share the excess return brought by the increasing stock price. On the contrary, investors can hold the convertible bonds to the maturity date to obtain stable principal and coupon interest income, or exercise the sell back rights and receive the guaranteed interest compensation.



### 3. Expand production scale and enhance the Company's profitability

The three Projects to be Invested by the Proceeds Raised are the Company's core mine construction projects at home and abroad. When they complete construction and commence production, they will expand the Company's gold and copper production scale and enhance the Company's profitability. The specific conditions of the projects are as follows:

<b>Project name</b>	<b>Major products and production volume</b>	<b>Average annual income in the years reaching the designated production capacity</b>	<b>Average annual net profit in the years reaching the designated production capacity</b>
The Kakula Project (Note)	In the years reaching the designated production capacity, 595,900 tonnes of copper concentrate are expected to be produced annually (equivalent to approximately 307,000 tonnes of copper metal)	USD1.413626 billion	USD618.6230 million
The Timok Project	In the years reaching the designated production capacity, 507,800 tonnes of copper concentrate are expected to be produced annually (equivalent to approximately 91,400 tonnes of copper metal and 2,503.22kg of gold metal)	USD543.506 million	USD271.486 million
The Tongshan Project	3 million tonnes of copper and molybdenum ore are expected to be produced in the years reaching the designated production capacity	RMB423 million	RMB122.2718 million

Note: The income and net profit of the Kakula Project are the income and net profit of the implementation entity of the investment project, Kamo Copper SA. The Company carries out the investment at a shareholding ratio of 49.50% and enjoys a return at a shareholding ratio of 49.5%.



The success of the implementation of the above projects will cultivate new profit growth drivers for the Company.

#### **4. Accelerate core mine construction and enhance core competitiveness**

The Company strengthens its advantageous minerals such as gold and copper and adheres to the international development orientation. For the Projects to be Invested by the Proceeds Raised this time, the Kamoa-Kakula Copper Mine project is one of the most important mining projects in the world so far; the Timok Copper and Gold Mine has large reserve volume and high metal grade in the Upper Zone, which is one of the most important mining projects in Serbia. The Tongshan Mine is a large-scale copper mine in China. The mining project is listed as one of the “Top 100 Projects” of Heilongjiang Province in 2020. The successful implementation of the three Projects to be Invested by the Proceeds Raised will help the Company become greater and stronger, enhance the Company’s production capacity of mine-produced gold and mine-produced copper, and raise the Company’s core competitiveness and global industry position.

### **III. BASIC INFORMATION OF THE PROJECTS TO BE INVESTED BY THE PROCEEDS RAISED**

#### **(1) The Kamoa-Kakula Copper Mine project in the DR Congo**

##### **1. Basic information of the project**

Kakula deposit of the Kamoa Copper Mine is a super large-scale and high-grade copper deposit. The copper minerals mainly consist of chalcocite, followed by bornite and chalcopyrite. According to the Feasibility Study Report of the Mining and Processing Construction Project of Kakula Deposit of the Kamoa Copper Mine in the DR Congo (the “Kakula Feasibility Study Report”), the total investment for the Kakula Project is USD1.4715830 billion, and the Company will invest in the project based on its 49.5% shareholding interest in the project company. The Kamoa-Kakula Copper Mine project will adopt underground mining. The total mine service life is 20 years (infrastructure period excluded), in which the number of years reaching and operating at the designated capacity is 14 years. After construction completion, in the years reaching the designated production capacity, the project can realise annual ore processing volume of 6 million tonnes and is expected to produce 595.9 thousand tonnes of copper concentrate per annum, equivalent to approximately 307 thousand tonnes of copper metal.

## **2. Background of project construction**

The copper and cobalt mineral belt in the DR Congo is prestigious around the globe. The DR Congo is one of the countries possessing the largest copper reserve volumes in the world. The Mining Code of the DR Congo encourages foreign companies to establish companies to engage in mineral production and development in the DR Congo. A series of incentive policies have been formulated.

The Kamoia Copper Mine in the DR Congo has an average grade of 2.53%, in which over 7 million tonnes of ore contain copper metal grading over 7%. It is the fourth largest high-grade copper mine around the globe. In the Kamoia Copper Mine area, a total of 5 mineral deposits were discovered. At present, resources explored mainly concentrate at deposits no. 1 and no. 2 (deposits no. 1-3 in the Kakula mining area). Deposit no. 2 is located 6km southwest of deposit no. 1 in the Kakula mining area, which is a high-grade and super large-scale concealed copper deposit. In 2016, deposit no. 2 attained significant progress in prospecting. The prospecting results indicated that the total ore volume with copper resources (331+332+333) grading over 3% was 118.9023 million tonnes, with copper metal volume of 7.1974 million tonnes grading 6.05% in average. The two sides of the deposit no. 2 are not closed, with potential for further prospecting. This mine is a large-scale mineral deposit with abundant development value.

## **3. Feasibility of project construction**

According to the Verification Report on the Resource Reserve Volume of Kakula Mining Area of Kamoia Copper Mine in Katanga Province in the DR Congo which was reviewed, as at 16 May 2017, the total ore volume (331+332+333) in deposit no. 2 was 402.5638 million tonnes, with copper metal volume of 12.1451 million tonnes grading 3.02% in average. According to the Kakula Feasibility Study Report, after construction completion and production commencement, Kamoia Copper SA, the project implementation entity, is expected to realise average annual sales income of USD1.4136260 billion during the years reaching the designated production capacity, average annual net profit after tax will be USD618.6230 million and internal rate of return (after tax) will be 40.61%. The investment payback period is 4.96 years (after tax, construction period inclusive). The project has a good economic feasibility. The successful development of the project will realise a substantial rise in the Company's mine-produced copper production volume. This Project to be Invested by the Proceeds Raised has a good feasibility.

## **4. Project implementation entity**

The project implementation entity is Kamoia Copper SA, a company controlled by Kamoia Holding Limited, a joint venture of the Company.

**5. Investment scale of the project**

The construction of the Kamoa-Kakula Copper Mine project in the DR Congo to be invested comprises of mining pit, processing plant, supplementary production equipment and others.

The total investment of the project is USD1.4715830 billion, in which, the construction fee, other expenditures, reserve fund, working capital and interest accrued from the loans during construction period are USD1.0751490 billion, USD89.14 million, USD174.6430 million, USD67.2190 million and USD65.4320 million respectively. The Company will invest in accordance with the shareholding ratio of 49.5%.

**6. Arrangement and progress of project construction**

The total construction period of the project is impacted by the construction for underground mining to a large extent. According to the construction progress plan formulated based on workload of underground mining construction and progress indicators, the total construction period of the project is determined to be 3 years.

**7. Investment efficacy of the project**

According to the Kakula Feasibility Study Report, after construction completion and production commencement, the implementation entity, Kamoa Copper SA, is expected to realise an average annual sales income of USD1.4136260 billion in the years reaching the designated production capacity, and realise an average annual net profit after tax of RMB618.6230 million. The internal rate of return (after tax) of 40.61%. The investment payback period is 4.96 years (after tax, construction period inclusive). The project has good economic efficacy and risk-aversion capability.

**8. Approvals and environmental protection of the project**

On 16 November 2018, the National Development and Reform Commission of the PRC issued the Filing Notice of Overseas Investment Project (Fa Gai Ban Wai Zi Bei [2018] No. 793), and approved the filing of the Company's investment in and construction of the Kamoa-Kakula Copper Mine project in the DR Congo. The effective period of the notice is 2 years.

On 20 February 2019, the Company received the enterprise overseas investment certificate (Enterprise Overseas Investment Certificate No. N3500201900020) issued by the Department of Commerce of Fujian Province.

The Company obtained the business registration certificate no. 35350823201304128572 from State Administration of Foreign Exchange Shanghai County Sub-branch. The foreign exchange management registration was completed.

The reply of approval on environmental impact assessment of the Kakula Project is in progress.

**(2) Mining and processing project in the Upper Zone of the Timok Copper and Gold Mine of Rakita in Serbia**

**1. Basic information of project**

The Timok Copper and Gold Mine in Serbia has a large scale resource/reserve, in which the grades of copper and gold are high. The Timok Copper and Gold Mine is divided into the Upper Zone and the Lower Zone. The Company owns 100% interest in both the Upper Zone and the Lower Zone of the Timok Copper and Gold Mine. According to the feasibility study report, the total investment of the project is USD474.4180 million. Underground mining will be adopted, and the mine service life is 11 years. After construction completion, in the years reaching the designated production capacity, the annual ore processing volume will be 3.3 million tonnes, and the project is expected to realise annual production of 507.8 thousand tonnes of copper concentrate, equivalent to approximately 91.4 thousand tonnes of copper metal and approximately 2,503.22kg of gold metal.

**2. Background of project construction**

Nevsun is a company engaging in resource prospecting and development, focusing on gold, copper and zinc. It was originally dual-listed on the Toronto Stock Exchange in Canada and the New York Stock Exchange in the United States. On 15 September 2018, the Company issued a take-over circular to all shareholders of Nevsun through an overseas subsidiary and officially launched the all-cash takeover of Nevsun. In March 2019, the Company completed the acquisition of 100% shares of Nevsun. Nevsun was delisted from the Toronto Stock Exchange and the New York Stock Exchange. Nevsun owns two large-scale projects, namely the Bisha Copper and Zinc Mine in Eritrea (55% interest) and the Timok Copper and Gold Mine in Serbia. In which, the Timok Copper and Gold Mine in Serbia is the most high-quality asset of Nevsun. The mine has large volumes of copper and gold mineral resources/reserves, with high copper and gold grades and high potential economic value.

**3. Feasibility of project construction**

According to the Verification Report of Mineral Resources Reserves Volume in the Upper Zone of Timok Mining Area in Bor District, Serbia which was reviewed, as at 28 February 2019, the Upper Zone of the Timok Copper and Gold Mine had retained ore volume (331+ 333) of 32.1479 million tonnes, with copper metal volume of 1.235 million tonnes grading 3.84% in average, and gold metal volume of 79.39 tonnes grading 2.47g/t in average. According to the Feasibility Study Report of Mining and Processing Construction Project in the Upper Zone of the Timok Copper and Gold Mine of Rakita Exploration d.o.o. Bor in Serbia (the “Timok Feasibility Study Report”), after construction completion and production commencement, the project is expected to realise average annual sales income of USD543.5060 million in the years reaching the designated production capacity, average annual net profit after tax will be USD271.4860 million and internal rate of return (after tax) will be 75.26%. The investment payback period is 3.37 years (after tax, construction period inclusive). The project has good economic feasibility. In addition, after the construction completion and production commencement in the Upper Zone of the Timok Copper and Gold Mine, synergy will be generated with Serbia Zijin Bor Copper doo Bor (in which the Company owns 63% equity interest). The Project to be Invested by the Proceeds Raised has good feasibility.

**4. Project implementation entity**

The project implementation entity is Rakita, a subsidiary of the Company.

**5. Investment scale of the project**

The construction project is a new joint mining and processing construction project. The total investment of the project is USD474.4180 million, in which, the construction fee, other expenditures, reserve fund, interest accrued from the loans during construction period and working capital are USD315.0790 million, USD44.67 million, USD50.24 million, USD24.9680 million and USD39.46 million respectively.

**6. Arrangement and progress of project construction**

According to the production progress plan, the construction period is 2.5 years.

**7. Investment efficacy of the project**

According to the Timok Feasibility Study Report, after construction completion and production commencement, the project is expected to realise an average annual sales income of USD543.5060 million in the years reaching the designated production capacity, and realise an average annual net profit after tax of USD271.4860 million. The internal rate of return (after tax) is 75.26%. The investment payback period is 3.37 years (after tax, construction period inclusive). The project has good economic efficacy and risk-aversion capability.

**8. Approvals and environmental protection of the project**

On 6 March 2020, the Company obtained the approval on environmental protection issued by the Ministry of Environmental Protection of the Republic of Serbia (No. 353-02-2877/2019-03).

The filings in the National Development and Reform Commission and the Ministry of Commerce are in process. Corresponding formalities of foreign exchange administration shall be proceeded with afterwards in accordance with relevant provisions.

**(3) Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd.****1. Basic information of the project**

The Tongshan Mine is located in the north of Nenjiang County, Heihe City, Heilongjiang Province, in the jurisdiction of Duobaoshan Town. It has a linear distance of 4km east of the Duobaoshan Copper Mine. The mine owns deposits no. I, II, III, IV and V, altogether 5 mineral deposits. At present, deposits no. I and II have the mining rights above the Tongshan Fault. The major ore type is sulphide ore, with certain oxidised ore near the land surface. According to the Feasibility Study Report of Mining Project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd. (the “Tongshan Feasibility Study Report”), the total investment for the project is RMB947.5115 million. Open-pit mining followed by underground mining will be adopted. The total mine service life is 19 years (infrastructure period excluded. The infrastructure for open-pit and underground mining in the Tongshan Mine will be constructed at the same time, the infrastructure period for open-pit and underground mining is 1 year and 3.5 years respectively). The production period is 17 years, and the production decline period is 2 years. After construction completion, the annual production volume of copper and molybdenum ore will be 3 million tonnes.

**2. Background of project construction**

The 1,500 tonnes/year leaching-extraction-electrowinning project of the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd. was completed with construction and commenced production in 1999, producing 1,500 tonnes of 99.95% electrolytic copper annually. The mining and production scale was 360 thousand tonnes/year. At present, mining of oxidised ore is completed. The product plan of the Tongshan Mine is the primary sulphide ore to be developed in open-pit and underground mining. As the copper recovery rate is only 57.5% if the system is used for processing sulphide ore, the production system cannot be used continuously to process sulphide ore. The mining project of the Tongshan Mine is mainly comprised of Tongshan opening-pit mining yard, industrial mining field, supplementary equipment. The mine will make use of the processing plant of Heilongjiang Duobaoshan Copper Industry Inc. to process the mined ores, and no separate processing plant, dumping site and tailings storage will be built.

**3. Feasibility of project construction**

According to the filed Verification Report on Resources Reserve Volume of Deposits No. I and II in the Tongshan Copper Mine, Nenjiang County, Heilongjiang Province, as at 31 May 2012, the total ore volume (331+332+333) of deposits no. I and II was 58.7718 million tonnes, with copper metal volume of 329,800 tonnes grading 0.56% in average and molybdenum metal of 8,636.70 tonnes grading 0.015% in average. According to the Tongshan Feasibility Study Report, after the construction completion and production commencement of the project, in the years reaching the designated production capacity, the project is expected to realise average annual sales income of RMB423 million, average annual net profit after tax will be RMB122.2718 million and internal rate of return (after tax) will be 26.55%. The investment payback period is 5.36 years (after tax, construction period inclusive). The project has good economic feasibility.

**4. Project implementation entity and implementation method**

The project implementation entity is Heilongjiang Tongshan Mining Co., Ltd., a wholly-owned subsidiary of the Company.

**5. Investment scale of the project**

The total investment of the project is estimated to be RMB947.5115 million. For open-pit mining, the investment in construction is RMB85.9386 million (of which, construction fee, other construction expenditures and reserve fund are RMB70.0406 million, RMB8.3214 million and RMB7.5766 million respectively). For underground mining, the investment in construction is RMB804.4079 million (of which, construction fee, other construction expenditures and reserve fund are RMB556.5870 million,



RMB113.7529 million and RMB134.0680 million respectively). The interest accrued from the loans during construction period is RMB47.1021 million and the initial working capital is RMB10.0629 million.

#### **6. Arrangement and progress of project construction**

According to the contents of project construction, the construction period of the new construction project is as follows: the infrastructure period of open-pit mining yard and underground mining is 1 year and 3.5 years respectively.

#### **7. Investment efficacy of the project**

According to the Tongshan Feasibility Study Report, after construction completion and production commencement, in the years reaching the designated production capacity, the project is expected to realise an average annual sales income of RMB423 million, and realise an average annual net profit after tax of RMB122.2718 million. The internal rate of return (after tax) is 26.55%. The investment payback period is 5.36 years (after tax, construction period inclusive). The project has good economic efficacy and risk-aversion capability.

#### **8. Approvals and environmental protection of the project**

On 29 April 2019, Heilongjiang Provincial Development and Reform Commission issued the Reply of Approval of Heilongjiang Provincial Development and Reform Commission on the Mining Project of the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd. (Hei Fa Gai Chan Ye [2019] No. 214), and approved the mining project construction of the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd.

On 30 April 2019, the Department of Ecology and Environment of Heilongjiang Province issued the Reply on the Environmental Impact Assessment Report of the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd. (Hei Huan Shen [2019] No. 30).

### **IV. IMPACT OF THE USE OF THE PROCEEDS RAISED ON OPERATION, MANAGEMENT AND FINANCIAL STATUS**

#### **(1) Impact on the operation and management of the Company**

The Company's main business is mineral resource prospecting and development. The proceeds raised from the Public Issuance of A Share Convertible Corporate Bonds shall be fully invested in the Company's main business, which is in line with the comprehensive strategic



development and direction of the Company in the future. After completion of implementing the Projects to be Invested by the Proceeds Raised, the profitability of the Company's main business will be enhanced, and the capability in risk-aversion and sustainable development will be effectively improved.

**(2) Impact on the financial status of the Company**

The Public Issuance benefits in expanding the asset and business scales of the Company, as well as optimising the financial structure. The construction and implementation of the Projects to be Invested by the Proceeds Raised can steadily increase the revenue and profitability of the Company. According to the feasibility study reports of the Projects to be Invested by the Proceeds Raised, after construction completion and production commencement, the Kakula Project is expected to realise average annual sales income of USD1.4136260 billion in the years reaching the designated production capacity, and the average annual net profit after tax will be USD618.6230 million; the Timok Project is expected to realise average annual sales income of USD543.5060 million in the years reaching the designated production capacity, and the average annual net profit after tax will be USD271.4860 million; the Tongshan Project is expected to realise average annual sales income of RMB423 million in the years reaching the designated production capacity, and the average annual net profit after tax will be RMB122.2718 million. As the Projects to be Invested by the Proceeds Raised are carried out smoothly, new growth drivers for profit will be added to the Company. The net asset scale will be expanded, and the debt-to-asset ratio will further drop. The Company's capabilities in financial risk-aversion and indirect financing shall be elevated. It is beneficial to the further expansion of operation scale and increase of profit of the Company, and further optimising the Company's financial status.

**V. FEASIBILITY CONCLUSION OF THE PROJECTS TO BE INVESTED BY THE PROCEEDS RAISED**

To conclude, the Public Issuance of A Share Convertible Corporate Bonds is in line with the strategic position of the Company to focus on the main business of gold and copper mineral development. It is a significant measure of the Board to fully implement the new round of development strategy characterised by “internationalisation, project upscaling and asset securitisation”. The overall competitiveness of the Company will be escalated, so as to guarantee the fundamental interests of investors.

Zijin Mining Group Co., Ltd.\*  
Board of Directors  
12 June 2020

\* *The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.

**Zijin Mining Group Co., Ltd.\***

**Recovery Measures and Undertakings by Relevant Parties in relation to  
Dilutive Impact on Immediate Returns of the Public Issuance of A Share  
Convertible Corporate Bonds of the Company**

Relevant matters of the public issuance of A Share Convertible Corporate Bonds (the “Issuance” or “Public Issuance of A Share Convertible Corporate Bonds”) of Zijin Mining Group Co., Ltd.\* (the “Company”) were considered and approved at the twelfth extraordinary meeting in 2020 of the seventh term of the Board of the Company, which are still subject to the approvals of the shareholders’ general meeting of the Company and the China Securities Regulatory Commission (the “CSRC”). In accordance with the requirements under the relevant provisions of regulatory documents including Opinions of the General Office of the State Council on Further Strengthening the Work of Protection of the Lawful Rights and Interests of Small and Medium Investors in the Capital Market (Guo Ban Fa [2013] No. 110), Opinions of the State Council on Further Promoting the Sound Development of the Capital Market (Guo Fa [2014] No. 17) and the Guiding Opinions on Matters Relating to Dilution of Immediate Return in Initial Public Offering, Refinancing and Material Asset Restructuring” (CSRC Announcement [2015] No. 31), the Company conscientiously analysed the dilutive impact on immediate returns of the Public Issuance of A Share Convertible Corporate Bonds and formulated the recovery measures on the diluted impact on immediate returns. The relevant parties made undertakings in relation to fully executing the recovery measures of the Company, the details of which are as follows:

**1. NECESSITY AND RATIONALITY OF THE ISSUANCE**

**(1) Meet the capital demand and optimise financial structure**

As at 31 March 2020, the debt-to-asset ratio of the Company (on a consolidation basis) was 58.06%. The total investment amount of the three projects to be invested by the proceeds raised (“Projects to be Invested by the Proceeds Raised”) is approximately RMB9.5 billion, and the amount of proceeds raised proposed to be used will not exceed RMB6 billion. After the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the Company will invest the proceeds in the abovementioned projects in accordance with the actual need and priority of the projects. After conversion of the A Share Convertible Corporate Bonds into A Shares by the Bondholders, the Company’s share capital will increase, the capital strength will be enriched, the business scale will be expanded, and the Company’s financial structure will be improved.

**(2) Select the optimal financing instruments to meet the needs of the Company and investors**

As an optimal financing instrument, convertible bonds have the advantages of being “attackable and defensible” for both issuers and investors. For issuers, the requirements for issuing A Share convertible corporate bonds are high. It has high requirements for the Company’s profitability and compliance. At the same time, the financing cost of convertible bonds is low, which can meet the Company’s financing needs. For investors, convertible bonds are “the stocks with guaranteed principal”. If the Company’s future operating results grow and the stock price rises, investors can convert the convertible bonds into target stocks, obtain income from the sale of stocks or receive dividends, so as to share the excess return brought by the increasing stock price. On the contrary, investors can hold the convertible bonds to the maturity date to obtain stable principal and coupon interest income, or exercise the sell back rights, and receive the guaranteed interest compensation.

**(3) Driven by national foreign investment policies, strive to be the pioneer of the “Belt and Road Initiative” in the Chinese mining industry**

In March 2015, the implementation of the “Belt and Road Initiative” strategy was announced by the state, and Fujian Province was positioned as the “Core Area of the 21st Century Maritime Silk Road”. The “Belt and Road Initiative” strategy encourages more international exploration and development cooperation in traditional and strategic energies and resources such as metal mineral resources, and it has brought unprecedented opportunities for the development of the Chinese mining industry. Countries along the “Belt and Road Initiative” have rich mineral resources and occupy an important share and position in the global mining industry chain. The Company’s headquarters is located in the core area of the Maritime Silk Road. The advantages of talents, technology and capital accumulated over the years and rich mineral resources and broad market along the route are combined with each other, and the room for development is large. In the overseas regions along the “Belt and Road Initiative”, Zeravshan, a subsidiary of the Company, has become the most important gold enterprise in Tajikistan. The Tuva Zinc and Polymetallic Mine of Longxing Limited Liability Company in Russia is one of the earliest and the best Sino-Russian cooperations in the aspect of mining. The Taldybulak Levoberezhny Gold Mine is the third largest gold mine in Kyrgyzstan; the Timok Copper and Gold Mine and the Bor Copper Mine in Serbia generate synergy, both are models of Sino-Serbian cooperation; after the Buriticá Gold Mine in Colombia completes construction and commences production, it will become the largest gold mine in Colombia.

In the Company’s Projects to be Invested by the Proceeds Raised this time, the Kakula Project and the Timok Project are important mining projects for the countries along the “Belt and Road Initiative”, being the pioneers of the “Belt and Road Initiative” in the Chinese mining industry.

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**APPENDIX 3      RECOVERY MEASURES AND UNDERTAKINGS BY RELEVANT PARTIES IN RELATION  
TO DILUTIVE IMPACT ON IMMEDIATE RETURNS OF THE PUBLIC ISSUANCE OF A  
SHARE CONVERTIBLE CORPORATE BONDS OF THE COMPANY**

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**(4) Expand production scale and enhance the Company's profitability**

The three Projects to be Invested by the Proceeds Raised are the Company's core mine construction projects at home and abroad. When the projects complete construction and commence production, they will expand the Company's gold and copper production scale and enhance the Company's profitability. The specific conditions of the projects are as follows:

<b>Project name</b>	<b>Major products and production volume</b>	<b>Average annual income in the years reaching the designated production capacity</b>	<b>Average annual net profit in the years reaching the designated production capacity</b>
The Kakula Project (Note)	In the years reaching the designated production capacity, 595,900 tonnes of copper concentrate are expected to be produced annually (equivalent to approximately 307,000 tonnes of copper metal)	USD1.413626 billion	USD618.6230 million
The Timok Project	In the years reaching the designated production capacity, 507,800 tonnes of copper concentrate are expected to be produced annually (equivalent to approximately 91,400 tonnes of copper metal and 2,503.22kg of gold metal)	USD543.506 million	USD271.486 million
The Tongshan Project	3 million tonnes of copper and molybdenum ore are expected to be produced in the years reaching the designated production capacity	RMB423 million	RMB122.2718 million

Note: The income and net profit of the Kakula Project are the income and net profit of the implementation entity of the investment project, Kamoa Copper SA. The Company carries out the investment at a shareholding ratio of 49.50% and enjoys a return at a shareholding ratio of 49.5%.

The success of the implementation of the above projects will cultivate new profit growth drivers for the Company.

**(5) Accelerate core mine construction and enhance core competitiveness**

The Company strengthens its advantageous minerals such as gold and copper and adheres to the international development orientation. For the Projects to be Invested by the Proceeds Raised this time, the Kamoakakula Copper Mine project in the DR Congo is one of the most important mining projects in the world so far; the Timok Copper and Gold Mine has large reserve volume and high metal grade in the Upper Zone, which is one of the most important mining projects in Serbia. The Tongshan Mine is a large-scale copper mine in China. The mining project is listed as one of the “Top 100 Projects” of Heilongjiang Province in 2020. The successful implementation of the three Projects to be Invested by the Proceeds Raised will help the Company become greater and stronger, enhance the Company’s production capacity of mine-produced gold and mine-produced copper, and raise the Company’s core competitiveness and global industry position.

**2. RELATIONSHIP BETWEEN THE PROJECTS TO BE INVESTED BY THE PROCEEDS RAISED AND THE EXISTING BUSINESS OF THE COMPANY, THE HUMAN RESOURCES, TECHNOLOGICAL AND MARKET RESERVES OF THE COMPANY FOR THE PROJECTS TO BE INVESTED BY THE PROCEEDS RAISED**

**(1) Relationship between the Projects to be Invested by the Proceeds Raised and the existing business of the Company**

Zijin Mining is a large-scale mining group focusing on exploration and development of mineral resources including gold, copper, zinc and other base metals with high technology and efficiency. It mainly engages in the exploration, mining, refining and processing of gold, copper, lead and zinc and other mineral resources, and sales of related products. Through the implementation of the Projects to be Invested by the Proceeds Raised, the Company will increase the future copper and gold reserve volumes and production capacity, laying a solid foundation for the Company’s long-term sustainable development.

**(2) Human resources reserve**

After years of practice, the Company has accumulated valuable overseas capital operation and operational management experience, formed a complete set of rigorous operation procedures, and cultivated and reserved a professional overseas operation team with international horizons. The Company’s internationalisation process accelerated and achieved favourable operating results.

In addition to introducing high-quality external talents with international experience, the Company also attaches great importance to deploying internal employees abroad and the localisation of overseas project employees. As at the end of 2019, there were more than 16,000 overseas employees. The Company had a relatively complete staffing system and a team of qualified employees with high professional level and practical ability, which can provide a good guarantee for the smooth implementation of the Projects to be Invested by the Proceeds Raised.

### **(3) Technological reserve**

Technological innovation is the core competitiveness of the Company's development. After years of investment in technological research and accumulation of technology, a technological innovation system with Zijin characteristics and a batch of independent intellectual property rights and scientific research achievements have been formed. The Company possesses core technologies and occupies a leading position in the industry in the aspects of geological prospecting, traditional mining and processing, hydrometallurgy, comprehensive recovery and utilisation of low-grade refractory resources, large-scale engineering development and so on. The Company is one of the few multinational mining companies around the globe equipped with autonomous system technology and engineering management capabilities, with comprehensive scientific research system and institutions. The Company owns a batch of high-level research and development platforms and design entities for scientific research including the exclusive State Key Laboratory in domestic gold industry, the state-accredited enterprise technology centres, workstations for academicians' scientific research, workstations for post-doctors' scientific research, mining and metallurgy research institute, etc. A technological innovation system with Zijin's characteristics and a batch of autonomous intellectual property rights and scientific research achievements are formed. The Company, together with 14 subsidiaries, were recognised as the national "High and New Technology Enterprises". In 2019, the Company applied for a total of 34 patents, of which 20 were invention patents and 10 invention patents were authorised in total. 6 scientific technology awards at provincial level or above were obtained. 15 scientific and technological transformation achievements in aggregate were conducted in 2019, which contributed more than RMB70 million to the production benefits. The technological innovation capability of the Company is steadily improving, significantly promoting the sustainable development of the Company.

### **(4) Market conditions**

China is the world's largest consumer market for metal mineral products. The consumption of base metals is as high as 40-50% of the world, but domestic supply is scarce. More than 50% of iron, copper, gold and other consumption depends on imports.

After continuous, rapid and leaping development of more than 20 years, the Company's asset scale grows continuously and its profitability level has significantly increased. Its comprehensive indicators and competitiveness rank among the top of in metal mining companies in China, and it has gradually become an important gold, copper and zinc mineral producer in the world.

The Company is one of the most effective large-scale mining companies in the Chinese mining industry controlling the largest resources reserve volumes and yielding the largest production volume, and it is one of the most competitive as well. At present, the Company is one of the largest gold production enterprises in the PRC, one of the leading mine-produced copper producers in the PRC, the largest producer of mine-produced zinc in the PRC and an important producer of silver, iron and other metals. The rankings published by the Forbes Magazine in 2020 show that the Company ranked the 778th in the list of "Global 2000: The World's Largest Public Companies", on which the Company ranked 1st among the Chinese gold corporations and non-ferrous metal corporations, 3rd among the global gold corporations and 9th among the global non-ferrous metal corporations. According to Fortune in 2019, the Company ranked 87th in Fortune China 500. In the Top 500 Enterprises of China released by China Enterprise Confederation in 2019, the Company ranked 1st in terms of profit among non-ferrous (gold) mining enterprises. The Company became one of the first 234 large-cap A Shares to be included in the MSCI index. Three major internationally renowned credit rating agencies including Moody's, S&P and Fitch first issued corporate credit rating reports for the Company, all of which are investment-grade credit ratings. The comprehensive credit granted by major commercial banks exceeded RMB150 billion. The Company is one of the most effective large-scale mining companies in the Chinese mining industry controlling the largest resources reserve volumes and yielding the largest production volume, and it is one of the most competitive as well.

### **3. IMPACT OF THE PUBLIC ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS ON THE MAJOR FINANCIAL INDICATORS OF THE COMPANY**

#### **(1) Main assumptions and prerequisites**

1. The Company's net profit attributable to owners of the parent for the year 2019 was RMB4.2839574 billion. The net profit after non-recurring profit or loss attributable to owners of the parent was RMB3.9967572 billion. Assuming that the net profit for the year 2020 (including the net profit attributable to owners of the parent and the net profit after non-recurring profit or loss attributable to owners of the parent) is the same as that of 2019; and the net profit for the year 2021 (including the net profit attributable to owners of the parent and the net profit after non-recurring profit or loss attributable to owners of the parent) is the same as, increases by 10% or increases by 20% compared with that of the year 2020.



2. Assuming that the Public Issuance of A Share Convertible Corporate Bonds is completed at the end of December 2020, and the conditions for conversion of the bonds are fulfilled at the end of June 2021. The completion times of implementation of plan for the abovementioned Issuance and bond conversion are solely for the purpose of calculating and assessing the impact on the major financial indicators from the diluted immediate returns in the Issuance. The final and actual issuance time as approved by the CSRC shall prevail.
3. Assuming that the amount of proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds is RMB6 billion. The actual scale of proceeds raised deposited in the account shall be determined according to the approval of regulatory authorities, subscription under the Issuance, issuance expenses and so on.
4. Assuming the conversion price of the A Share Convertible Corporate Bonds under the Public Issuance is RMB3.97/A Share, i.e. not lower than the higher of the average trading price of A Shares for the 20 trading days preceding the date of Board's resolutions announcement in relation to the Public Issuance of A Share Convertible Corporate Bonds (i.e., 13 June 2020) and the average trading price of the preceding trading day of such date. The conversion price is solely used for the purpose of calculating and assessing the impact on the major financial indicators from the diluted immediate returns in the Issuance. The final conversion price shall be determined by the Board of the Company based on market situation prior to the Issuance, in accordance with the authorisation of the shareholders' general meetings, subject to possible ex-rights, ex-dividend adjustment or downward adjustment.
5. Assuming that the amount of cash dividends for the year 2020 will be the same as that of the year 2019, both of which complete with implementation in June of the respective year; no bonus share; no capital reserve converted into share capital; excluding the impact of dividend distribution on the conversion price (the assumption above is for the sole purpose of calculating and assessing the impact on the major financial indicators from the diluted immediate returns in the Issuance. The final completion time of implementation is subject to the consideration and approval of the shareholders' general meetings of the Company and actual completion time of implementation).
6. Assuming that after completion of the Issuance, the A Share Convertible Corporate Bonds will be classified as liabilities in full amount in the financial statements (the assumption is for the sole purpose of simulating, calculating and assessing financial indicators. The specific details are subject to the actual accounting treatment after the completion of the Issuance). In addition, the impacts of bank interest income generated before the use of the proceeds raised and interest expenses of A Share Convertible Corporate Bonds are not taken into consideration.



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**APPENDIX 3      RECOVERY MEASURES AND UNDERTAKINGS BY RELEVANT PARTIES IN RELATION  
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7. After the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the impact on the production, operation and financial status of the Company (e.g. finance costs, return on investment) is not taken into consideration.
8. When presuming the owners' equity attributable to owners of the parent of the Company after the Issuance, the impact on net assets from factors other than the proceeds raised, net profit and profit distribution is not taken into consideration.
9. Assuming that no material adverse change occurs in macroeconomic environment, industrial policies, industrial development, product market and other aspects.

**The abovementioned assumptions and analysis do not constitute the profit forecast or dividend commitment of the Company. Investors should not make investment decision based on such information. Where losses arise from the investment decision made by investors based on such information, the Company will not bear the compensation responsibility.**

**(2) Impact on the major financial indicators of the Company**

Based on the abovementioned assumptions, the details of the dilutive impact on immediate returns to Shareholders from the Public Issuance of A Share Convertible Corporate Bonds are as follows:

<b>Project</b>	<b>Amount</b>
Total amount of proceeds to be raised (RMB billion)	6
Total number of shares converted (billion shares)	1.5129117
Cash dividends for the year 2020 (RMB billion)	2.5377260

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**APPENDIX 3      RECOVERY MEASURES AND UNDERTAKINGS BY RELEVANT PARTIES IN RELATION  
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Project	Year 2020/ 31 December 2020	Year 2021/ 31 December 2021	
		All A Share Convertible Corporate Bonds are not converted into A Shares	All A Share Convertible Corporate Bonds are converted into A Shares as at 30 June 2021
Total share capital at the end of the period (billion shares)	25.3772599	25.3772599	26.8901717
<b>Assumption 1: Assuming that the net profit for the year 2021 (including the net profit attributable to the shareholders of ordinary shares of listed company and the net profit after non-recurring profit or loss attributable to the shareholders of ordinary shares of listed company) is the same as that of 2020</b>			
Owners' equity attributable to owners of the parent at the beginning of the period (RMB billion)	46.2004650	47.9466964	47.9466964
Net profit attributable to owners of the parent (RMB billion)	4.2839574	4.2839574	4.2839574
Net profit attributable to owners of the parent after non-recurring profit or loss (RMB billion)	3.9967572	3.9967572	3.9967572
Owners' equity attributable to owners of the parent at the end of the period (RMB billion)	47.9466964	49.6929278	55.6929278
Basic earnings per share (RMB) (before non-recurring profit or loss)	0.17	0.17	0.16
Basic earnings per share (RMB) (after non-recurring profit or loss)	0.16	0.16	0.15
Weighted average return on net assets	9.10%	8.78%	8.27%
Weighted average return on net assets after non-recurring profit or loss	8.49%	8.19%	7.71%

**Assumption 2: Assuming that the net profit for the year 2021 (including the net profit attributable to the shareholders of ordinary shares of listed company and the net profit after non-recurring profit or loss attributable to the shareholders of ordinary shares of listed company) increased by 10% compared with that of 2020**

Owners' equity attributable to owners of the parent at the beginning of the period (RMB billion)	46.2004650	47.9466964	47.9466964
Net profit attributable to owners of the parent (RMB billion)	4.2839574	4.7123531	4.7123531

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**APPENDIX 3      RECOVERY MEASURES AND UNDERTAKINGS BY RELEVANT PARTIES IN RELATION  
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Project	Year 2020/ 31 December 2020	Year 2021/ 31 December 2021	
		All A Share Convertible Corporate Bonds are not converted into A Shares	All A Share Convertible Corporate Bonds are converted into A Shares as at 30 June 2021
Net profit attributable to owners of the parent after non-recurring profit or loss (RMB billion)	3.9967572	4.3964330	4.3964330
Owners' equity attributable to owners of the parent at the end of the period (RMB billion)	47.9466964	50.1213235	56.1213235
Basic earnings per share (RMB) (before non-recurring profit or loss)	0.17	0.19	0.18
Basic earnings per share (RMB) (after non-recurring profit or loss)	0.16	0.17	0.17
Weighted average return on net assets	9.10%	9.61%	9.06%
Weighted average return on net assets after non-recurring profit or loss	8.49%	8.97%	8.45%

**Assumption 3: Assuming that the net profit for the year 2021 (including the net profit attributable to the shareholders of ordinary shares of listed company and the net profit after non-recurring profit or loss attributable to the shareholders of ordinary shares of listed company) increased by 20% compared with that of 2020**

Owners' equity attributable to owners of the parent at the beginning of the period (RMB billion)	46.2004650	47.9466964	47.9466964
Net profit attributable to owners of the parent (RMB billion)	4.2839574	5.1407488	5.1407488
Net profit attributable to owners of the parent after non-recurring profit or loss (RMB billion)	3.9967572	4.7961087	4.7961087
Owners' equity attributable to owners of the parent at the end of the period (RMB billion)	47.9466964	50.5497192	56.5497192
Basic earnings per share (RMB) (before non-recurring profit or loss)	0.17	0.2	0.2
Basic earnings per share (RMB) (after non-recurring profit or loss)	0.16	0.19	0.18
Weighted average return on net assets	9.10%	10.44%	9.84%
Weighted average return on net assets after non-recurring profit or loss	8.49%	9.74%	9.18%

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**APPENDIX 3      RECOVERY MEASURES AND UNDERTAKINGS BY RELEVANT PARTIES IN RELATION  
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Notes:

1. The abovementioned indicators of earnings per share and return on net assets are calculated based on the provisions in Information Disclosure and Presentation Rules for Companies Making Public Offering of Securities No. 9 – Calculation and Disclosure of Return on Net Assets and Earnings Per Share.
2. The above owners' equity attributable to owners of the parent at the beginning of the period and the owners' equity attributable to owners of the parent at the end of the period for the calculation of weighted average return on net assets do not account for perpetual bonds.

**4. SPECIAL RISK WARNINGS ON THE DILUTIVE IMPACT ON IMMEDIATE RETURNS DUE TO THE ISSUANCE**

After completion of the Issuance, the Company's total share capital will increase accordingly along with the implementation of the conversion of the A Share Convertible Corporate Bonds into A Shares. As the constructions of the Projects to be Invested by the Proceeds Raised require a certain period of time, the return of shareholders during the construction period is still mainly realised through the existing businesses. In the case where the Company's total share capital and net assets have increased significantly, the Company's indicators including earnings per share and return on net assets will face the risk of being diluted in a short term.

After completion of the Issuance and receiving the proceeds raised, the Company's total share capital and net assets may be further increased during the conversion period. Since the Projects to be Invested by the Proceeds Raised require a certain construction period and the projects will take certain time to generate benefits, under the circumstance that the Company's total share capital and net assets increase, if the Company's net profit growth rate is less than the growth rates of total share capital and net assets, indicators including earnings per share and weighted average return on net assets will show a certain degree of decline. After receiving the proceeds raised, there are certain risks that the Company's immediate returns (financial indicators including earnings per share and return on net assets, etc.) will be diluted. Although the Company has formulated recovery measures in response to the risks of dilutive impact on immediate returns, the established measures of recovery on returns are not equivalent to guaranteeing the Company's future profit. Investors are advised to be aware of the risks of dilutive impact on immediate returns.

Investors are advised to exercise caution and pay attention to investment risks.

**5. RECOVERY MEASURES IN RELATION TO DILUTIVE IMPACT ON IMMEDIATE RETURNS OF THE PUBLIC ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS**

**(1) The Company's business operation status, development trend, major risks and improvement measures**

The production volumes and profits of mine-produced gold, mine-produced copper and mine-produced zinc of the Company take a lead in domestic listed companies in the same competitive landscape. The Company is one of the most effective large-scale mining companies in the Chinese mining industry controlling the largest resources reserve volumes and yielding the largest production volume, and it is one of the most competitive as well. At present, the Company is one of the largest gold production enterprises in the PRC, one of the leading mine-produced copper producers in the PRC, the largest producer of mine-produced zinc in the PRC and an important producer of silver, iron and other metals. The rankings published by the Forbes Magazine in 2020 show that the Company ranked the 778th in the list of "Global 2000: The World's Largest Public Companies", on which the Company ranked 1st among the Chinese gold corporations and non-ferrous metal corporations, 3rd among the global gold corporations and 9th among the global non-ferrous metal corporations. According to Fortune in 2019, the Company ranked 87th in Fortune China 500. In the Top 500 Enterprises of China released by China Enterprise Confederation in 2019, the Company ranked 1st in terms of profit among non-ferrous (gold) mining enterprises.

The Company's current sources of funds are mainly retained earnings and debt financing. After the success of the Public Issuance of A Share Convertible Corporate Bonds, the Company's capital strength will be further improved, which is conducive to the rational use of financial leverage, optimisation of the capital structure, and the increase of the Company's competitiveness. Also, with the implementation of the Projects to be Invested by the Proceeds Raised, the Company will further expand its production capacity, increase resources reserve volumes, raise the position in the industry, and enhance sustainable profitability and anti-risk capability.

**(2) Measures to improve daily operating efficiency, reduce operating costs and enhance operating results of the Company**

**1. Optimising the financial structure, enhancing the overall anti-risk capability, and further enhancing the overall profitability**

As at 31 March 2020, the debt-to-asset ratio of the Company (on a consolidation basis) was 58.06%. The total investment amount of the three projects to be invested by the proceeds raised is approximately RMB9.5 billion, and the amount of proceeds raised proposed to be used will not exceed RMB6 billion. After the proceeds raised in the Public Issuance of A Share Convertible Corporate Bonds are deposited in the account, the

Company will invest the proceeds in the abovementioned projects in accordance with the actual need and priority of the projects. After conversion of the A Share Convertible Corporate Bonds into A Shares by the Bondholders, the Company's share capital will increase, the capital strength will be enriched, the business scale will be expanded, and the Company's financial structure will be improved, which will strengthen the Company's profitability and anti-risk capability.

**2.    Strengthening management and use of the proceeds raised**

In order to regulate management and use of the proceeds raised, and to ensure that the proceeds raised will be used exclusively for the Project to be Invested by the Proceeds Raised, in accordance with the requirements of the Company Law of the PRC, Securities Law of the PRC, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and other laws, regulations and regulatory documents, taking into account the Company's actual situation, the Company formulated and revised the Administration Policy for Raising Proceeds, which was considered and approved at the ninth meeting of the fifth term of the Board. The Company will strictly manage the use of proceeds raised, implement depositing the proceeds raised into special accounts, and use the special funds exclusively to ensure that the proceeds raised are fully and effectively used according to their intended uses.

**3.    Speeding up the progress of the Projects to be Invested by the Proceeds Raised to increase the utilisation efficiency of funds**

The Company worked well on the preliminary feasibility analysis of the Projects to be Invested by the Proceeds Raised, conducted an in-depth understanding and analysis of the industry involved in the projects, taking into account the industry trends, market capacity, technological level and the Company's own production capacity and other basic conditions, and the project plan was finalised. After receiving the proceeds raised from the Public Issuance of A Share Convertible Corporate Bonds, the Company will ensure the construction progress of the Projects to be Invested by the Proceeds Raised as planned, accelerate the implementation of the Projects to be Invested by the Proceeds Raised, and strive to commence production and realise the expected benefits as soon as possible.

**4.    All-round cost reduction to realise the expected benefits of the Projects to be Invested by the Proceeds Raised**

The Company obtained mineral resources at relatively overall low costs. On the one hand, by way of conducting comprehensive self-initiated exploration and prospecting, the Company attained fruitful results in mineral exploration and reserve increment in recent years. On the other hand, the Company closely adhered to the national strategy and worked on counter-cyclical acquisitions to precisely obtain mineral resources at relatively low costs. Based on the self-owned design platform, the Company optimised the design

plans of several crucial construction projects. Under the premise of guaranteeing the project quality, the Company substantially lowered the investment costs, shortened the construction period and realised overall favourable efficacy. The Company formulated targeted development tactic of “one policy for one entity”, highlighting comprehensive development and use of large-scale, low-grade resources. The competitiveness in production and operation costs was further invigorated. The Company will strive to reduce costs in development, construction, production and operation of the mine to ensure that the Projects to be Invested by the Proceeds Raised will realise the expected benefits.

**5. Strictly implementing cash dividend distribution policies and strengthening return mechanism for investors**

According to the relevant requirements of Opinions of the General Office of the State Council on Further Strengthening the Work of Protection of the Lawful Rights and Interests of Small and Medium Investors in the Capital Market (Guo Ban Fa [2013] No. 110), Notice in relation to Further Implementing Cash Dividend Distribution of Listed Companies and Regulatory Guidelines of Listed Companies No. 3 – Cash Dividends of Listed Companies issued by the CSRC, the Company will strictly implement cash dividend distribution policies specified in the Articles of Association and implement the Profit Distribution and Return Plan for the Next Three Years (Year 2020-2022) of Zijin Mining Group Co., Ltd.\* to provide investors with sustained and stable returns.

**6. UNDERTAKINGS MADE BY RELEVANT PARTIES**

**(1) Undertakings made by the Company, all Directors and senior management in relation to fully executing the recovery measures on the dilutive impact on immediate returns**

According to the relevant requirements in laws, regulations and regulatory documents including the Opinions of the General Office of the State Council on Further Strengthening the Work of Protection of the Lawful Rights and Interests of Small and Medium Investors in the Capital Market (Guo Ban Fa [2013] No. 110), Opinions of the State Council on Further Promoting the Healthy Growth of Capital Markets (Guo Fa [2014] No. 17) and the Guiding Opinions on Matters Relating to Dilution of Immediate Return in Initial Public Offering, Refinancing and Material Asset Restructuring (CSRC Announcement [2015] No. 31) issued by the CSRC, for the purpose of protecting the legitimate rights and interests of the Company and all shareholders, the Directors and senior management of the Company made undertakings to fully execute the recovery measures on the dilutive impact on immediate returns. The details are as follows:

1. I undertake to perform my duties as a Director and/or a senior management of the Company and uphold the legitimate rights and interests of the Company and all shareholders of the Company faithfully and diligently.



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2. I undertake not to convey any benefits to other entities or individuals for free or under unfair terms or otherwise jeopardise the interests of the Company.
3. I undertake to limit my spending when performing my duties as a Director and/or a senior management.
4. I undertake not to use the assets of the Company in making investments or expenditures other than in relation to the performance of my duties.
5. Within my duties and scope of my lawful authorisation, I undertake to procure that the remuneration system formulated by the Board or the nomination and assessment committee will correspond to the implementation of the recovery measures of the Company, and I will vote in favour of the relevant proposals considered by the Board and the shareholders' general meeting (if voting rights are applicable).
6. If the Company adopts any share incentive scheme in the future, within my duties and scope of my lawful authorisation, I undertake to fully procure that the conditions for the exercise of the right of the share incentive scheme will correspond to the implementation of the recovery measures of the Company, and I will vote in favour of the relevant proposals considered by the Board and at the shareholders' general meetings (if voting rights are applicable).
7. From the date of this undertaking letter to the completion of implementation of the Public Issuance of A Share Convertible Corporate Bonds of the Company, if the CSRC promulgates other new regulatory provisions on the recovery measures and the relevant undertakings, and the above undertakings cannot satisfy such new regulatory provisions as promulgated by the CSRC, I undertake to issue supplementary undertakings then according to the latest stipulations of the CSRC.
8. I undertake to fully execute the relevant recovery measures formulated by the Company and each undertaking I made in relation to recovery measures. If I breach such undertakings and cause any loss to the Company and investors, I am willing to bear the compensation responsibility to the Company and investors in accordance with the laws.
9. As one of the relevant responsible parties of recovery measures, if I breach or refuse to execute the abovementioned undertakings, I agree to accept related penalties and take on regulatory responsibilities as defined by the regulations, rules as stipulated or announced by the CSRC, Shanghai Stock Exchange and other securities supervision institutions. If I cause any loss to the Company or shareholders, I am willing to bear the corresponding compensation responsibility pursuant to the laws.



**(2) Undertakings made by substantial shareholder and actual controller of the Company**

According to the relevant requirements in laws, regulations and regulatory documents including the Opinions of the General Office of the State Council on Further Strengthening the Work of Protection of the Lawful Rights and Interests of Small and Medium Investors in the Capital Market (Guo Ban Fa [2013] No. 110), Opinions of the State Council on Further Promoting the Healthy Growth of Capital Markets (Guo Fa [2014] No. 17) and the Guiding Opinions on Matters Relating to Dilution of Immediate Return in Initial Public Offering, Refinancing and Material Asset Restructuring (CSRC Announcement [2015] No. 31) issued by the CSRC, for the purpose of protecting the legitimate rights and interests of the Company and all shareholders, Minxi Xinghang State-owned Assets Investment Company Limited (the “Undertaker”), the substantial shareholder of the Company, made undertakings to fully execute the measures on the dilutive impact on immediate returns. The details are as follows:

1. The Undertaker undertakes to exercise shareholder’s rights in accordance with the relevant laws, regulations and the Articles of Association of Zijin Mining Group Co., Ltd.\*, and not to preside over the authorisation and intervene the operating and management activities of the Company or jeopardise the interests of the Company.
2. The Undertaker undertakes to fully execute the relevant recovery measures formulated by Zijin Mining and each undertaking made by the Undertaker in relation to the recovery measures. If the Undertaker breaches such undertakings and causes any loss to Zijin Mining and investors, the Undertaker will bear the compensation responsibility to Zijin Mining and investors in accordance with the laws.
3. From the date of this undertaking letter to the completion of implementation of the Public Issuance of A Share Convertible Corporate Bonds of the Company, if the CSRC promulgates other new regulatory provisions on the recovery measures and the relevant undertakings, and the above undertakings cannot satisfy such new regulatory provisions as promulgated by the CSRC, the Undertaker undertakes to issue supplementary undertakings then according to the latest stipulations of the CSRC.

**7. PROCEDURES FOR CONSIDERING THE RECOVERY MEASURES AND UNDERTAKINGS BY RELEVANT PARTIES IN RELATION TO DILUTIVE IMPACT ON IMMEDIATE RETURNS OF THE PUBLIC ISSUANCE OF A SHARE CONVERTIBLE CORPORATE BONDS**

The Board has considered and approved the analysis of the dilutive impact of the Public Issuance of A Share Convertible Corporate Bonds on immediate returns, the recovery measures and undertakings by relevant parties in relation to dilutive impact on immediate returns at the twelfth extraordinary meeting in 2020 of the seventh term of the Board, and will submit the resolution for consideration and approval at the shareholders’ general meeting.

\* *The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.

**Zijin Mining Group Co., Ltd.\*****Proposal in relation to Reports on the Use of Proceeds Previously Raised**

To all Shareholders,

Pursuant to the requirements of the Administration Measures for the Issuance of Securities by Listed Companies (2020 Amendments) and Regulations of the Reports on the Use of Proceeds Previously Raised issued by the China Securities Regulatory Commission (the “CSRC”) (Zheng Jian Fa Xing Zi [2007] No. 500) promulgated by the CSRC, the Company is required to prepare the reports on the use of proceeds previously raised for the most recent one year and one quarter for the Public Issuance of A Share Convertible Corporate Bonds, and engage audit firm to issue corresponding verification reports.

The Board prepared the reports on the use of proceeds previously raised as at 31 December 2019 and as at 31 March 2020 respectively. Those reports were verified by Ernst & Young Hua Ming LLP, which issued the Verification Reports on the Proceeds Previously Raised of Zijin Mining Group Co., Ltd.\* (Ernst & Young Hua Ming (2020) Zhuan Zi No. 60468092\_H04, Ernst & Young Hua Ming (2020) Zhuan Zi No. 60468092\_H06). Please refer to the attachments for details.

The abovementioned proposal was approved at the twelfth and fourteenth extraordinary meetings in 2020 of the seventh term of the Board and is hereby tabled to the shareholders’ general meeting for consideration of the Shareholders.

Attachments:

1. Zijin Mining Group Co., Ltd.\* Specific Report on the Use of Proceeds Previously Raised (as at 31 December 2019)
2. Zijin Mining Group Co., Ltd.\* Report on the Use of Proceeds Previously Raised (as at 31 March 2020)

Zijin Mining Group Co., Ltd.\*  
Board of Directors  
4 July 2020

\* *The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.

**Attachment 1**

**Zijin Mining Group Co., Ltd.\***  
**Specific Report on the Use of Proceeds Previously Raised**

According to the requirements of “Regulations of the Reports on the Use of Proceeds Previously Raised” issued by the China Securities Regulatory Commission (the “CSRC”) (Zheng Jian Fa Xing Zi [2007] No. 500), Zijin Mining Group Co., Ltd.\* (the “Company”) produced the report on the use of proceeds previously raised as at 31 December 2019 (the “Report”).

**1. STATUS OF THE PROCEEDS PREVIOUSLY RAISED****(1) Proceeds previously raised in the non-public issuance in 2016**

Pursuant to the Approval for Non-public Issuance of A Shares of Zijin Mining Group Co., Ltd.\* (Zhengjian Xuke [2017] No. 289) issued by the CSRC, the Company non-publicly issued 1,490,475,241 Renminbi-denominated ordinary shares (A shares) at the issuance price of RMB3.11 per A Share in May 2017. The total amount of proceeds raised was RMB4,635,377,999.51. After deduction of issuance expenses of RMB38,458,040.59, the actual net amount of proceeds raised was RMB4,596,919,958.92.

As Ernst & Young Hua Ming LLP verified the deposit of the proceeds raised and issued Capital Verification Report of Zijin Mining Group Co., Ltd.\* (Ernst & Young Hua Ming (2017) Yanzi No. 60468092\_H02), on 26 May 2017, the Company transferred the proceeds raised of RMB3.2311821 billion from the Company’s special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch to the Company’s special account for proceeds raised in Agricultural Bank of China Shanghang Branch (account number: 13740101040016314); on 26 May 2017, the Company transferred the proceeds raised of RMB1.2610307 billion from the Company’s special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch to the Company’s special account for proceeds raised in Industrial Bank Shanghang Branch (account number: 175010100100093303); on 29 June 2017, the Company transferred the proceeds raised of RMB1.36080 billion (equivalent to USD200 million) from the Company’s special account for proceeds raised in Agriculture Bank of China Shanghang Branch to Gold Mountains (H.K.)’s special account for proceeds raised in Agriculture Bank of China Shanghang Branch (account number: 13740114048400059); on 30 June 2017, the Company transferred the proceeds raised of RMB105.1022 million from the Company’s special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch to Zijin Copper’s special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch (account number: 1410030329100009793); on 17 August 2017 and 27 September 2017, Gold Mountains (H.K.) respectively transferred USD67.3737 million and USD76.5817 million (equivalent to an aggregate of RMB979.4725 million) to COMMUS’ special account for proceeds raised in Agriculture Bank of China Shanghang Branch (account number: 13740114048400042); on 27

June 2018, the Company transferred the proceeds raised of RMB787.90 million from the Company's special account for proceeds raised in Agriculture Bank of China Shanghang Branch to Zijin International's special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch (account number: 1410030119002111021); on 27 June 2018, Zijin International transferred the proceeds raised of RMB787.90 million from the special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch to Duobaoshan Copper's special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch (account number: 1410030119002111145); on 27 June 2018, Duobaoshan Copper transferred the proceeds raised of RMB787.90 million from the special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch to Heilongjiang Zijin Copper's special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch (account number: 1410030329100009793).

According to the Administrative Measures of Proceeds Raised, on 14 June 2017, the Company and Essence Securities entered into the trilateral supervision agreements on special deposit account for proceeds raised with Industrial and Commercial Bank of China Shanghang Branch ("ICBC Shanghang Branch"), Agriculture Bank of China Shanghang Branch ("ABC Shanghang Branch") and Industrial Bank Shanghang Branch ("IB Shanghang Branch") respectively; on 13 July 2017, the Company, Zijin Copper Co., Ltd. ("Zijin Copper") and Essence Securities entered into the quadrilateral supervision agreement on special deposit account for proceeds raised with ICBC Shanghang Branch; the Company, Gold Mountains (H.K.) International Mining Companies Limited ("Gold Mountains (H.K.)") and Essence Securities entered into the quadrilateral supervision agreement on special deposit account for proceeds raised with ABC Shanghang Branch; the Company, La Compagnie Minière de Musonoi Global Société par Actions Simplifiée ("COMMUS") and Essence Securities entered into the quadrilateral supervision agreement on special deposit account for proceeds raised with ABC Shanghang Branch; on 19 June 2018, the Company, ICBC Shanghang Branch, Essence Securities entered into three quadrilateral supervision agreements on special deposit account for proceeds raised in relation to the proceeds raised after the change of the project to be invested by the proceeds raised respectively with Zijin International Mining Co., Ltd. ("Zijin International"), Heilongjiang Duobaoshan Copper Industry Inc. ("Duobaoshan Copper") and Heilongjiang Zijin Copper Co., Ltd. ("Heilongjiang Zijin Copper"), in order to clarify rights and obligations of each party. The abovementioned supervision agreements do not have material differences from the sample trilateral supervision agreement on special deposit account for proceeds raised formulated by the Shanghai Stock Exchange, and the execution was in good practice. As the abovementioned special accounts were all closed, the relevant supervision agreements on proceeds raised were terminated accordingly.

**(2) Proceeds previously raised in the Public Issuance in 2018**

As approved in the Approval for Public Issuance of A Shares of Zijin Mining Group Co., Ltd.\* (Zhengjian Xuke [2019] No. 1942) issued by the CSRC, the Company conducted the public issuance of a maximum of 3,400,000,000 Renminbi-denominated ordinary shares (A Shares) of the Company to the public. As at 21 November 2019, the Company issued 2,346,041,055 Renminbi-denominated ordinary shares (A Shares) at an issuance price of RMB3.41 per A Share. The total proceeds raised amounted to RMB7,999,999,997.55. After deduction of issuance expenses of RMB152,572,030.12, the actual net amount of proceeds raised was RMB7,847,427,967.43.

As Ernst & Young Hua Ming LLP verified the deposit of the proceeds raised and issued Capital Verification Report of Zijin Mining Group Co., Ltd.\* (Ernst & Young Hua Ming (2019) Yanzi No. 60468092\_H01), on 21 November 2019, the Company received the fund from Essence Securities Co., Ltd., the lead underwriter, of which RMB3.5 billion was deposited in the Company's special account for proceeds raised in National Development Bank Fujian Branch (account number: 35101560031992820000); RMB3.5 billion was deposited in the Company's special account for proceeds raised in ICBC Shanghang Branch (account number: 1410030129002134021); and RMB844 million was deposited in the Company's special account for proceeds raised in China Construction Bank Shanghang Branch (account number: 35050169730700000950).

According to the Administrative Measures of Proceeds Raised, on 22 November 2019, the Company and Essence Securities entered into the trilateral supervision agreements on special deposit accounts for proceeds raised with National Development Bank Fujian Branch, ICBC Shanghang Branch and China Construction Bank Shanghang Branch respectively. The abovementioned supervision agreements do not have material differences from the sample trilateral supervision agreement on specific deposit account for proceeds raised formulated by the Shanghai Stock Exchange, and the execution was in good practice. As the abovementioned special accounts were all closed, the relevant supervision agreements on proceeds raised were terminated accordingly.

## (3) As at 31 December 2019, the details of deposit and actual use of the proceeds raised in the non-public issuance in 2016 of the Company are as follows:

Unit: RMB billion

Name of account	Bank and branch	Account number	Initial amount of the special account for proceeds raised	Balance of special account for proceeds raised	Note
Zijin Mining Group Co., Ltd.*	ICBC Shanghang Branch	1410030129002098997	–	–	Account closed
Zijin Copper Co., Ltd. (“Zijin Copper”)	ICBC Gujiao Branch	1410030329100009793	0.1051022	–	Account closed
Zijin Mining Group Co., Ltd.*	ABC Shanghang Branch	13740101040016314	1.8703821	–	Account closed
Gold Mountains (H.K.) International Mining Company Limited (“Gold Mountains (H.K.)”)	ABC Shanghang Branch	13740114048400059	0.3813275	–	Account closed
La Compagnie Minière de Musonoie Global Société par Actions Simplifiée (“COMMUS”)	ABC Shanghang Branch	13740114048400042	0.9794725	–	Account closed
Zijin Mining Group Co., Ltd.*	IB Shanghang Branch	175010100100093303	1.2610307	–	Account closed
Zijin International Mining Co., Ltd.	ICBC Shanghang Branch	1410030119002111021	–	–	Account closed
Heilongjiang Duobaoshan Copper Industry Inc.	ICBC Shanghang Branch	1410030119002111145	–	–	Account closed
Heilongjiang Zijin Copper Co., Ltd. (“Heilongjiang Zijin Copper”)	ICBC Shanghang Branch	1410030129002110601	–	–	Account closed
Total			4.5973150	–	

Note: The total initial amount of the special accounts for proceeds raised, RMB4,597,315,000, differed by RMB395,000 from the original net amount of the proceeds raised, i.e. RMB4,596,920,000, which was due to the issuance expenses of RMB395,000 paid to intermediaries by using funds not from the proceeds raised before the receipt of the proceeds raised from non-public issuance. Such issuance expenses were deducted from the initial net amount of the proceeds raised but not from special accounts for proceeds raised.

**(4) As at 31 December 2019, the details of deposit and actual use of the proceeds raised in the public issuance in 2018 of the Company are as follows:**

Unit: RMB billion

Name of account	Bank and branch	Account number	Initial amount of the special account for proceeds raised	Balance of special account for proceeds raised	Note
Zijin Mining Group Co., Ltd.*	National Development Bank Fujian Branch	35101560031992820000	3.5000000	–	Account closed
Zijin Mining Group Co., Ltd.*	ICBC Shanghang Branch	1410030129002134021	3.5000000	–	Account closed
Zijin Mining Group Co., Ltd.*	China Construction Bank Shanghang Branch	35050169730700000950	0.8440000	–	Account closed
Total			7.8440000	–	

Note: The total initial amount of the special accounts for proceeds raised, RMB7,844,000,000, differed by RMB3,428,000 from the original net amount of the proceeds raised, i.e. RMB7,847,428,000, which was due to (1) other issuance expenses (value-added tax excluded) except for underwriting and sponsor fee were not paid from the initial amount in the special accounts for proceeds raised; (2) issuance expenses of RMB943,400 (value-added tax excluded) were paid to sponsor by using funds not from the proceeds raised before the receipt of the proceeds raised from the public issuance. Such issuance expenses were deducted from the net amount of the proceeds raised but not from special accounts for the proceeds raised; and (3) the initial amount in the special accounts for proceeds raised had deducted the underwriting expense and value-added tax arising from the outstanding sponsor fee. When calculating the net amount of the proceeds raised, value-added tax was not deducted.

**2. CHANGES IN THE PROCEEDS PREVIOUSLY RAISED FOR ACTUAL INVESTMENT PROJECTS**

The seventh meeting of the sixth term of the Board convened on 23 March 2018 and the 2017 annual general meeting convened on 17 May 2018 considered and approved the “Proposal in relation to the Change in the Use of a Portion of the Proceeds Raised in the Non-public Issuance of A Shares in 2016”. For the purpose of maximising the utilisation efficiency of the proceeds raised, the Company proposed to change the use of the remaining proceeds raised for the Kolwezi Copper Mine construction project, which was estimated to be RMB740,403,500, and interest income of RMB47,496,500, totaled RMB787,900,000. The amount would be invested in the Heilongjiang Zijin Copper Co., Ltd. copper refining project by way of capital increase level by level. The specific methods were as follows: the Company increased the capital of Zijin International, a wholly-owned subsidiary of the Company, and afterwards Zijin International increased the capital of Duobaoshan Copper, its wholly-owned subsidiary, and finally Duobaoshan Copper increased the capital of Heilongjiang Zijin Copper, its wholly-owned subsidiary. The Company’s sponsor, Essence Securities, issued the “Verification



Opinions on the Change in the Use of a Portion of the Proceeds Raised in the Non-public Issuance of A Shares in 2016 of Zijin Mining Group Co., Ltd.\*”, and agreed on the changes in the abovementioned proceeds raised for investment projects.

For details of the changes of the projects, please refer to “3. Actual use of the proceeds previously raised”.

### **3. ACTUAL USE OF THE PROCEEDS PREVIOUSLY RAISED**

In accordance with the Company’s plan of the use of proceeds raised disclosed in the offering document of non-public issuance of A Shares in 2016, after the deduction of issuance expenses, the proceeds raised would be used for the Kolwezi Copper Mine construction project in the DR Congo, Zijin Copper’s capacity expansion project for comprehensive recovery of end materials in production and supplement working capital of the Company.

In March 2018, the Company changed the projects to be invested by the proceeds previously raised. After the changes, the actual projects to be invested by the proceeds raised included the Kolwezi Copper Mine construction project in the DR Congo, Zijin Copper’s capacity expansion project for comprehensive recovery of end materials in production, supplementing working capital of the Company and Heilongjiang Zijin Copper Co., Ltd. copper refining project.

According to the Company’s plan of the use of proceeds raised disclosed in the offering document of the public issuance of A Shares in 2018, after deduction of issuance expenses, the proceeds raised would be used for the project of all cash takeover of 100% interest of Nevsun Resources Ltd. After receiving the proceeds raised, the Company would use the proceeds raised to substitute the self-financed funds invested in the project in advance.

The actual use of the proceeds previously raised as at 31 December 2019 is set out in “Actual use of the proceeds previously raised” and “Comparison table of the realised benefits of the projects invested by the proceeds previously raised” below.



## (1) Comparison table of the proceeds previously raised (the proceeds raised in the non-public issuance in 2016)

Total amount of the proceeds raised		4,597,315,000		Accumulated total amount of proceeds raised used		Unit: RMB billion	
Total amount of change in the use of the proceeds raised		0.7879000		Total amount of proceeds raised used for the year		4,684,002.9	
Percentage of the total amount of change in the use of the proceeds raised		17.14%		2017		2,261,836.8	
				2018		1,302,006.4	
				2019		1,120,159.7	
Investment project		Total amount of investment with the proceeds raised		Accumulative amount of investment with the proceeds raised as at 31 December 2019 (the "Cut-off Date")		Difference between amount of the actual investment and amount of the committed investment after fund-raising (Note 2)	
No.	Project actually invested	Amount of the committed investment before fund-raising	Amount of the committed investment after fund-raising	Amount of the committed investment before fund-raising	Amount of the committed investment after fund-raising		Date of the project for reaching the designated use (or progress of construction of the project as at the Cut-off Date)
1	I. The Kolwezi Copper Mine construction project in the DR Congo (Note 1)	3,231,182.1	2,443,282.1	3,231,182.1	2,443,282.1	0.0787082	30 June 2019
2	II. Zijin Copper Co., Ltd.'s capacity expansion project for comprehensive recovery of end materials in production	0.1051022	0.0684640	0.1051022	0.0684640	–	30 June 2018
3	III. Supplementing working capital	1,261,030.7	1,261,030.7	1,261,030.7	1,261,030.7	0.0009036	N/A
4	IV. Heilongjiang Zijin Copper Co., Ltd. copper refining project (Note 1)	–	0.7879000	–	0.7879000	0.0059207	18 August 2019
5	V. Perpetual supplementing working capital	–	0.0366382	–	0.0366382	0.0011554	N/A
Total		4,597,315.0	4,597,315.0	4,597,315.0	4,597,315.0	0.0866879	

## (2) Comparison table of the proceeds previously raised (the proceeds raised in the public issuance in 2018)

Total amount of the proceeds raised	7.8474280	Accumulated total amount of proceeds raised used	Unit: RMB billion
Total amount of change in the use of the proceeds raised	-	Total amount of proceeds raised used for the year	7.8477768
Percentage of the total amount of change in the use of the proceeds raised	-	2019	7.8477768

Investment project	No.	Committed investment project	Project actually invested	Total amount of investment with the proceeds raised			Accumulative amount of investment with the proceeds raised as at 31 December 2019 (the "Cut-off Date")			Difference between amount of the actual investment and amount of the committed investment after fund-raising	Date of the project for reaching the designated use (or progress of construction of the project as at the Cut-off Date)
				Amount of the committed investment before fund-raising	Amount of the committed investment after fund-raising	Amount of the actual investment	Amount of the committed investment before fund-raising	Amount of the committed investment after fund-raising	Amount of the actual investment		
	1	All cash takeover of 100% interest of Nevsun Resources Ltd.	All cash takeover of 100% interest of Nevsun Resources Ltd.	7.8474280	7.8474280	7.8477768	7.8474280	7.8474280	7.8477768	0.0003488	N/A

Note 1: Please refer to "2. Changes in the proceeds previously raised for actual investment projects" for the specific analysis and description of the changes in projects invested.

Note 2: The difference between total amount of the actual investment of the projects invested by proceeds previously raised and the amount of committed investment after fund-raising is the interest earned from the deposit of the special account for proceeds raised and the investment wealth management income obtained from the idle proceeds raised for cash management.

**(3) Status of transfer and substitution of projects to be invested by the proceeds previously raised invested with self-financed funds in advance**

**1. Status of transfer of projects to be invested by the proceeds previously raised invested with self-financed funds in advance**

There is no transfer of projects to be invested by the proceeds previously raised invested with self-financed funds in advance.

**2. Status of the substitution of the proceeds previously raised**

**(1) Status of the substitution of the proceeds raised in the non-public issuance in 2016**

Before the proceeds previously raised in the non-public issuance was deposited in the account, the Company invested in the projects to be invested by the proceeds raised with self-financed funds in advance according to the actual situation. As at 31 May 2017, the actual self-financed funds of the Company invested in the projects invested by the proceeds raised in advance amounted to RMB556.2197 million.

Relevant matters with respect to the substitution of the Company's self-financed funds invested in the projects to be invested by the proceeds raised in advance was considered and approved at the eleventh extraordinary meeting in 2017 of the sixth term of the Board and the second extraordinary meeting in 2017 of the sixth term of the supervisory committee of the Company (the "Supervisory Committee") convened on 21 July 2017 respectively, at which all the independent Directors of the Company provided clear approval opinion as well. Ernst & Young Hua Ming LLP conducted specific verification on the use of self-financed funds to invest in the projects to be invested by the proceeds raised as at 31 May 2017 and issued "Specific Verification Report on Projects to be Invested by the Proceeds Raised Invested with Self-financed Funds in Advance of Zijin Mining Group Co., Ltd.\*" (Ernst & Young Hua Ming (2017) Zhuan Zi No. 60468092\_H03). As at 27 September 2017, the implementation of the substitution was completed.

Details of the substitution of self-financed funds invested in advance by the proceeds previously raised are as follows:

Unit: RMB billion

No.	Project name	Total amount of investment	Proposed amount to be invested by the proceeds raised	Amount invested by self- financed funds	Amount substituted by the proceeds raised
1	The Kolwezi Copper Mine construction project in the DR Congo	3.8618809	3.2311821	0.5256034	0.5256034
2	Zijin Copper Co., Ltd.'s capacity expansion project for comprehensive recovery of end materials in production	0.2283914	0.1051022	0.0306163	0.0306163
<b>Total</b>		<b>4.0902723</b>	<b>3.3362843</b>	<b>0.5562197</b>	<b>0.5562197</b>

Note: The self-financed funds invested in advance in the Kolwezi Copper Mine construction project in the DR Congo were settled in United States dollar. The total amount was USD76.5817 million, equivalent to RMB525.6034 million based on the middle rate of foreign exchange rate quotation of USD1:RMB6.8633 on 31 May 2017.

(2) Status of the substitution of the proceeds raised in the public issuance in 2018

Before the proceeds previously raised in the non-public issuance are deposited in the account, the Company used self-financed funds to invest in advance according to the actual situation. As at 22 November 2019, the actual self-financed funds of the Company invested in the project invested by the proceeds raised in advance amounted to RMB9,363,305,978.28.

Relevant matters with respect to the substitution of the Company's self-financed funds invested in the project to be invested by the proceeds raised in advance were considered and approved at the fourteenth extraordinary meeting in 2019 of the sixth term of the Board and the third extraordinary meeting in 2019 of the sixth term of the Supervisory Committee convened on 22 November 2019 respectively. Ernst & Young Hua Ming LLP conducted specific verification on the use of self-financed funds to invest in the project to be invested by the proceeds raised as at 22 November 2019 and issued

“Specific Verification Report on Project to be Invested by the Proceeds Raised Invested with Self-financed Funds in Advance of Zijin Mining Group Co., Ltd.\*” (Ernst & Young Hua Ming (2019) Zhuan Zi No. 60468092\_H06).

Details of the substitution of self-financed funds invested in advance by the proceeds previously raised are as follows:

Unit: RMB billion

No.	Project name	Total amount of investment	Proposed amount to be invested by the proceeds raised	Amount invested by self- financed funds	Amount substituted by the proceeds raised
1	All cash takeover of 100% interest of Nevsun Resources Ltd.	9.3633060	9.3633060	7.8474280	7.8474280

Note: Pursuant to the pre-acquisition agreement entered into between the Company and Nevsun in September 2018 with respect to the acquisition, the consideration for acquiring 100% interest of Nevsun is CAD1.8584994 billion, equivalent to approximately RMB9.3633060 billion (based on the middle rate of foreign exchange rate quotation of CAD1:RMB5.0381 of China Foreign Exchange Trade System on 29 December 2018).

**(4) Realised benefits of the projects invested by the proceeds previously raised in the most recent three years**

- For the realised benefits of the Kolwezi Copper Mine construction project in the DR Congo, Zijin Copper Co., Ltd.’s capacity expansion project for comprehensive recovery of end materials in production and Heilongjiang Zijin Copper Co., Ltd. copper refining project, please refer to Table 1, “Comparison table of the realised benefits of the projects invested by the proceeds previously raised (the proceeds raised in the public issuance in 2016)”.
- The use of proceeds raised for supplementing working capital and repayment of bank borrowings lowered the debt-to-asset ratio and finance costs of the Company and effectively improved the financial position of the Company, which was not directly relevant to efficiency. The benefits cannot be accounted for individually.

3. The use of remaining proceeds raised for permanently supplementing working capital lowered the debt-to-asset ratio and finance costs of the Company and effectively improved the financial position of the Company, which was not directly relevant to efficiency. The benefits cannot be accounted for individually.
4. The proceeds raised in the public issuance of A Shares in 2018 were used for the project of all cash takeover of 100% interest of Nevsun Resources Ltd. There was no commitment in economic returns.
5. The basis and calculation method of the realised benefits in the comparison table of the realised benefits of the projects invested by the proceeds previously raised are the same with those of the committed benefits.

**(5) Operation of relevant assets concerned in assets in exchange for shares in the previous issuances**

There is no operation of relevant assets concerned in assets in exchange for shares in the previous issuances.

**(6) Use of idle proceeds raised**

In order to enhance the utilisation efficiency of the proceeds raised by the Company and protect the interests of the Company and the shareholders, the Company convened the ninth extraordinary meeting in 2017 of the sixth term of the Board and the first extraordinary meeting in 2017 of the sixth term of the Supervisory Committee on 14 June 2017 respectively, at which the Proposal in relation to Cash Management of the Temporarily Idle Proceeds Raised by the Company was considered and approved. It was agreed that cash management will be conducted on a portion of the temporarily idle proceeds raised under the non-public issuance in 2016 subject to a maximum amount of RMB1.9 billion (RMB1.9 billion inclusive). The approval was valid for a period of 12 months from the date of consideration and approval of the Board. Independent Directors and the sponsor provided opinion on approval for cash management of a portion of the temporarily idle proceeds raised by the Company respectively. For details, please refer to the announcement published on the websites of the Shanghai Stock Exchange and the Company on 15 June 2017 (announcement number: Lin 2017-033).

After the expiration of the abovementioned authorisation, the Company convened the ninth meeting of the sixth term of the Board and the ninth meeting of the sixth term of the Supervisory Committee on 24 August 2018 respectively, at which the Proposal in relation to Cash Management of the Temporarily Idle Proceeds Raised by the Company was considered and approved. It was agreed that cash management will be conducted on a portion of the temporarily idle proceeds raised under the non-public issuance in 2016 subject to a maximum amount of RMB1.5 billion (RMB1.5 billion inclusive). The approval was valid for a period of 12 months from the date of consideration and approval of the Board. Independent Directors and the sponsor provided opinion on approval for cash management of a portion of the temporarily

idle proceeds raised by the Company respectively. For details, please refer to the announcement published on the websites of the Shanghai Stock Exchange and the Company on 25 August 2018 (announcement number: Lin 2017-047).

In the year 2019, there was no cash management of the temporarily idle proceeds raised by the Company. There was no investment or wealth management not yet expired as at 31 December 2019.

**(7) Use of the remaining proceed raised**

Zijin Copper Co., Ltd.'s capacity expansion project for comprehensive recovery of end materials in production became ready for production on 30 June 2018. The project's special account for proceeds raised had a balance of RMB37.6473 million (interest included); Zijin Mining Group Co., Ltd.\*'s special account for proceeds raised in ICBC Shanghang Branch had a balance of interest income of RMB146.3 thousand. As the designated projects to be invested are completed, the sixteenth extraordinary meeting in 2019 of the Board of the Company considered and approved that abovementioned remaining proceeds raised would be used to permanently supplement working capital. The remaining proceeds raised represented 0.82% of the net amount of proceeds raised, which was lower than 5% of the net amount of proceeds raised.

**(8) Other matters of the use of the proceeds previously raised**

There are no other matters of the use of the proceeds previously raised.

**4. COMPARISON BETWEEN THE ACTUAL USE OF THE PROCEEDS  
PREVIOUSLY RAISED AND THE RELEVANT DISCLOSURES IN REGULAR  
REPORTS OF THE COMPANY**

By comparing the disclosure of the actual use of the proceeds previously raised as at 31 December 2019 in this report and relevant disclosures in regular reports of the Company, no difference exists in the disclosures of the projects invested by the proceeds previously raised.

**5. CONCLUSION**

The Board is of the view that the Company made use of the proceeds previously raised according to the designated use of the proceeds raised, and did not breach any provision in proceeds raised management; the Company carried out the obligation of information disclosure and truthfully disclosed the use and progress of the proceeds previously raised in accordance with Regulations of the Reports on the Use of Proceeds Previously Raised issued by the CSRC (Zheng Jian Fa Xing Zi [2007] No. 500).

The Board and all Directors of the Company hereby warrant that the contents contained in this report have no false representations or misleading statements or material omissions, and jointly and severally accept legal responsibility for the truthfulness, accuracy and completeness for the contents contained in the report.

Table 1: Comparison table of the realised benefits of the projects invested by the proceeds previously raised

Zijin Mining Group Co., Ltd.\*  
Board of Directors  
12 June 2020

\* *The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this attachment shall prevail over its English text.



Table 1: Comparison table of the realised benefits of the projects invested by the proceeds previously raised (the proceeds raised in the non-public issuance in 2016)

Project actually invested		Accumulative utilisation rate of production capacity of the project as at the Cut-off Date (Note 3)	Committed benefits	Actual benefits for the most recent three years			Accumulative realised benefits as at the Cut-off Date	Whether the expected benefits were met
Number	Name of project			2017	2018	2019		
Unit: RMB million								
1	I. The Kolwezi Copper Mine construction project in the DR Congo	100%	Average annual net profit after tax of USD78.1390 million after reaching full production	170.9209	494.2907	454.6010	1,119.8126	Yes
2	II. Zijin Copper Co., Ltd.'s capacity expansion project for comprehensive recovery of end materials in production	78%	Annual net profit of RMB71.8675 million after expansion of the project completed and reaching anode slime processing capacity of 5,000 tonnes/annum	–	50.4104	80.3950	130.8054	Note 1
3	III. Supplementing working capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	IV. Heilongjiang Zijin Copper Co., Ltd. copper refining project	80%	Average annual profit before tax of RMB475.2870 million	N/A	N/A	(56.8801)	(56.8801)	Note 2
5	V. Permanently supplementing working capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A

## Notes:

1. Zijin Copper Co., Ltd.'s capacity expansion project for comprehensive recovery of end materials in production became ready for use and started pilot production in June 2018. In January 2019, the project completed all the acceptance checks. The production capacity has already reached 5,000 tonnes per annum of anode slime processing. Yet, the utilisation rate of production capacity was only about 78% of the designated capacity. The major raw material of the project to be invested by the proceeds raised is the anode slime produced from the end of production of the Company's refining projects. As the new and expansion projects of the Company's refineries will be completed at different times, the current processing volume is temporarily below 5,000 tonnes per annum. With the gradual production commencement and entering into full production of the refining projects of the Company's subsidiaries including Heilongjiang Zijin Copper, Jilin Zijin Copper, Zijin Copper, etc., the processing capacity of anode slime in 2021 is estimated to be above 5,000 tonnes per annum.
2. Heilongjiang Zijin Copper Co., Ltd. copper refining project used raw materials and started pilot production in September 2019, and produced the first batch of copper cathode in October 2019. It just transitioned from construction period to production period, and the equipment are at the stage of testing with raw materials. At present, the production capacity represents 80% of the designated production capacity and the designated target of production capacity is not yet reached. It is expected that the designated production capacity shall be reached in 2021. As at 31 December 2019, the production capacity and benefits were not completed for the complete full year, and hence no comparison was drawn with committed benefits.
3. Accumulative utilisation rate of production capacity of the project as at the Cut-off Date denotes the proportion of the actual production volume to the designated production capacity of the projects invested from the date the project invested are ready for use to the Cut-off Date.

**Table 2: Comparison table of the realised benefits of the project invested by the proceeds previously raised (the proceeds raised in the public issuance in 2018)**

Project actually invested Number Name of project		Actual benefits for the most recent three years			Whether the expected benefits were met	
		2017 2018 2019			Date	
		Committed benefits			the Cut-off Date	
1	I. All cash takeover of 100% interest of Nevsun Resources Ltd.	N/A	N/A	N/A	N/A	N/A

Unit: RMB billion

Note: The Company did not make any commitment in economic returns as the proceeds raised in the public issuance in 2018 was used for project of acquisition of equity interest.

Should there be any discrepancy, the Chinese text of these tables shall prevail over its English text.

**Attachment 2**

**Zijin Mining Group Co., Ltd.\***  
**Report on the Use of Proceeds Previously Raised**

According to the requirements of “Regulations of the Reports on the Use of Proceeds Previously Raised” issued by the China Securities Regulatory Commission (the “CSRC”) (Zheng Jian Fa Xing Zi [2007] No. 500), Zijin Mining Group Co., Ltd.\* (the “Company”) produced the report on the use of proceeds previously raised as at 31 March 2020 (the “Report”).

**1. STATUS OF THE PROCEEDS PREVIOUSLY RAISED****(1) Proceeds previously raised in the non-public issuance in 2016**

Pursuant to the Approval for Non-public Issuance of A Shares of Zijin Mining Group Co., Ltd.\* (Zhengjian Xuke [2017] No. 289) issued by the CSRC, the Company non-publicly issued 1,490,475,241 Renminbi-denominated ordinary shares (A shares) at the issuance price of RMB3.11 per A Share in May 2017. The total amount of proceeds raised was RMB4,635,377,999.51. After deduction of issuance expenses of RMB38,458,040.59, the actual net amount of proceeds raised was RMB4,596,919,958.92.

As Ernst & Young Hua Ming LLP verified the deposit of the proceeds raised and issued Capital Verification Report of Zijin Mining Group Co., Ltd.\* (Ernst & Young Hua Ming (2017) Yanzi No. 60468092\_H02), on 26 May 2017, the Company transferred the proceeds raised of RMB3.2311821 billion from the Company’s special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch to the Company’s special account for proceeds raised in Agricultural Bank of China Shanghang Branch (account number: 13740101040016314); on 26 May 2017, the Company transferred the proceeds raised of RMB1.2610307 billion from the Company’s special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch to the Company’s special account for proceeds raised in Industrial Bank Shanghang Branch (account number: 175010100100093303); on 29 June 2017, the Company transferred the proceeds raised of RMB1.36080 billion (equivalent to USD200 million) from the Company’s special account for proceeds raised in Agriculture Bank of China Shanghang Branch to Gold Mountains (H.K.)’s special account for proceeds raised in Agriculture Bank of China Shanghang Branch (account number: 13740114048400059); on 30 June 2017, the Company transferred the proceeds raised of RMB105.1022 million from the Company’s special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch to Zijin Copper’s special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch (account number: 1410030329100009793); on 17 August 2017 and 27 September 2017, Gold Mountains (H.K.) respectively transferred USD67.3737 million and USD76.5817 million (equivalent to an aggregate of RMB979.4725 million) to COMMUS’ special account for proceeds raised in Agriculture Bank of China Shanghang Branch (account number: 13740114048400042); on 27

June 2018, the Company transferred the proceeds raised of RMB787.90 million from the Company's special account for proceeds raised in Agriculture Bank of China Shanghang Branch to Zijin International's special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch (account number: 1410030119002111021); on 27 June 2018, Zijin International transferred the proceeds raised of RMB787.90 million from the special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch to Duobaoshan Copper's special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch (account number: 1410030119002111145); on 27 June 2018, Duobaoshan Copper transferred the proceeds raised of RMB787.90 million from the special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch to Heilongjiang Zijin Copper's special account for proceeds raised in Industrial and Commercial Bank of China Shanghang Branch (account number: 1410030329100009793).

According to the Administrative Measures of Proceeds Raised, on 14 June 2017, the Company and Essence Securities entered into the trilateral supervision agreements on special deposit account for proceeds raised with Industrial and Commercial Bank of China Shanghang Branch ("ICBC Shanghang Branch"), Agriculture Bank of China Shanghang Branch ("ABC Shanghang Branch") and Industrial Bank Shanghang Branch ("IB Shanghang Branch") respectively; on 13 July 2017, the Company, Zijin Copper Co., Ltd. ("Zijin Copper") and Essence Securities entered into the quadrilateral supervision agreement on special deposit account for proceeds raised with ICBC Shanghang Branch; the Company, Gold Mountains (H.K.) International Mining Companies Limited ("Gold Mountains (H.K.)") and Essence Securities entered into the quadrilateral supervision agreement on special deposit account for proceeds raised with ABC Shanghang Branch; the Company, La Compagnie Minière de Musonoie Global Société par Actions Simplifiée ("COMMUS") and Essence Securities entered into the quadrilateral supervision agreement on special deposit account for proceeds raised with ABC Shanghang Branch; on 19 June 2018, the Company, ICBC Shanghang Branch, Essence Securities entered into three quadrilateral supervision agreements on special deposit account for proceeds raised in relation to the proceeds raised after the change of the project to be invested by the proceeds previously raised respectively with Zijin International Mining Co., Ltd. ("Zijin International"), Heilongjiang Duobaoshan Copper Industry Inc. ("Duobaoshan Copper") and Heilongjiang Zijin Copper Co., Ltd. ("Heilongjiang Zijin Copper"), in order to clarify rights and obligations of each party. The abovementioned supervision agreements do not have material differences from the sample trilateral supervision agreement on special deposit account for proceeds raised formulated by the Shanghai Stock Exchange, and the execution was in good practice. As the abovementioned special accounts were all closed, the relevant supervision agreements on proceeds raised were terminated accordingly.

**(2) Proceeds previously raised in the Public Issuance in 2018**

As approved in the Approval for Public Issuance of A Shares of Zijin Mining Group Co., Ltd.\* (Zhengjian Xuke [2019] No. 1942) issued by the CSRC, the Company conducted the public issuance of a maximum of 3,400,000,000 Renminbi-denominated ordinary shares (A Shares) of the Company to the public. As at 21 November 2019, the Company issued 2,346,041,055 Renminbi-denominated ordinary shares (A Shares) at an issuance price of RMB3.41 per A Share. The total proceeds raised amounted to RMB7,999,999,997.55. After deduction of issuance expenses of RMB152,572,030.12, the actual net amount of proceeds raised was RMB7,847,427,967.43.

As Ernst & Young Hua Ming LLP verified the deposit of the proceeds raised and issued Capital Verification Report of Zijin Mining Group Co., Ltd.\* (Ernst & Young Hua Ming (2019) Yanzi No. 60468092\_H01), on 21 November 2019, the Company received the fund from Essence Securities Co., Ltd., the lead underwriter, of which RMB3.5 billion was deposited in the Company's special account for proceeds raised in National Development Bank Fujian Branch (account number: 35101560031992820000); RMB3.5 billion was deposited in the Company's special account for proceeds raised in ICBC Shanghang Branch (account number: 1410030129002134021); and RMB844 million was deposited in the Company's special account for proceeds raised in China Construction Bank Shanghang Branch (account number: 35050169730700000950).

According to the Administrative Measures of Proceeds Raised, on 22 November 2019, the Company and Essence Securities entered into the trilateral supervision agreements on special deposit accounts for proceeds raised with National Development Bank Fujian Branch, ICBC Shanghang Branch and China Construction Bank Shanghang Branch respectively. The abovementioned supervision agreements do not have material differences from the sample trilateral supervision agreement on specific deposit account for proceeds raised formulated by the Shanghai Stock Exchange, and the execution was in good practice. As the abovementioned special accounts were all closed, the relevant supervision agreements on proceeds raised were terminated accordingly.

## (3) As at 31 March 2020, the details of deposit and actual use of the proceeds raised in the non-public issuance in 2016 of the Company are as follows:

Unit: RMB billion

Name of account	Bank and branch	Account number	Initial amount of the special account for proceeds raised	Balance of special account for proceeds raised	Note
Zijin Mining Group Co., Ltd.*	ICBC Shanghang Branch	1410030129002098997	–	–	Account closed
Zijin Copper Co., Ltd. (“Zijin Copper”)	ICBC Gujiao Branch	1410030329100009793	0.1051022	–	Account closed
Zijin Mining Group Co., Ltd.*	ABC Shanghang Branch	13740101040016314	1.8703821	–	Account closed
Gold Mountains (H.K.) International Mining Company Limited (“Gold Mountains (H.K.)”)	ABC Shanghang Branch	13740114048400059	0.3813275	–	Account closed
La Compagnie Minière de Musonoie Global Société par Actions Simplifiée (“COMMUS”)	ABC Shanghang Branch	13740114048400042	0.9794725	–	Account closed
Zijin Mining Group Co., Ltd.*	IB Shanghang Branch	175010100100093303	1.2610307	–	Account closed
Zijin International Mining Co., Ltd.	ICBC Shanghang Branch	1410030119002111021	–	–	Account closed
Heilongjiang Duobaoshan Copper Industry Inc.	ICBC Shanghang Branch	1410030119002111145	–	–	Account closed
Heilongjiang Zijin Copper Co., Ltd. (“Heilongjiang Zijin Copper”) (Note 4)	ICBC Shanghang Branch	1410030129002110601	–	–	Account closed
Total			4.5973150	–	

Note: The total initial amount of the special accounts for proceeds raised, RMB4,597,315,000, differed by RMB395,000 from the original net amount of the proceeds raised, i.e. RMB4,596,920,000, which was due to the issuance expenses of RMB395,000 paid to intermediaries by using funds not from the proceeds raised before the receipt of the proceeds raised from non-public issuance. Such issuance expenses were deducted from the initial net amount of the proceeds raised but not from special accounts for proceeds raised.

**(4) As at 31 March 2020, the details of deposit and actual use of the proceeds raised in the public issuance in 2018 of the Company are as follows:**

Unit: RMB billion

Name of account	Bank and branch	Account number	Initial amount of the special account for proceeds raised	Balance of special account for proceeds raised	Note
Zijin Mining Group Co., Ltd.*	National Development Bank Fujian Branch	35101560031992820000	3.5000000	–	Account closed
Zijin Mining Group Co., Ltd.*	ICBC Shanghang Branch	1410030129002134021	3.5000000	–	Account closed
Zijin Mining Group Co., Ltd.*	China Construction Bank Shanghang Branch	35050169730700000950	0.8440000	–	Account closed
Total			7.8440000	–	

Note: The total initial amount of the special accounts for proceeds raised, RMB7,844,000,000, differed by RMB3,428,000 from the original net amount of the proceeds raised, i.e. RMB7,847,428,000, which was due to (1) other issuance expenses (value-added tax excluded) except for underwriting and sponsor fee were not paid from the initial amount in the special accounts for proceeds raised; (2) issuance expenses of RMB943,400 (value-added tax excluded) were paid to sponsor by using funds not from the proceeds raised before the receipt of the proceeds raised from the public issuance. Such issuance expenses were deducted from the initial net amount of the proceeds raised but not from special accounts for the proceeds raised; and (3) the initial amount in the special accounts for the proceeds raised had deducted the underwriting expense and value-added tax arising from the outstanding sponsor fee. When calculating the net amount of the proceeds raised, value-added tax was not deducted.

**2. CHANGES IN THE PROCEEDS PREVIOUSLY RAISED**

The seventh meeting of the sixth term of the Board convened on 23 March 2018 and the 2017 annual general meeting convened on 17 May 2018 considered and approved the “Proposal in relation to the Change in the Use of a Portion of the Proceeds Raised in the Non-public Issuance of A Shares in 2016”. For the purpose of maximising the utilisation efficiency of the proceeds raised, the Company proposed to change the use of the remaining proceeds raised for the Kolwezi Copper Mine construction project, which was estimated to be RMB740,403,500, and interest income of RMB47,496,500, totaled RMB787,900,000. The amount would be invested in the Heilongjiang Zijin Copper Co., Ltd. copper refining project by way of capital increase level by level. The specific methods were as follows: the Company increased the capital of Zijin International, a wholly-owned subsidiary of the Company, and afterwards Zijin International increased the capital of Duobaoshan Copper, its wholly-owned subsidiary, and finally Duobaoshan Copper increased the capital of Heilongjiang Zijin Copper, its wholly-owned subsidiary. The Company’s sponsor, Essence Securities, issued the “Verification



Opinions on the Change in the Use of a Portion of the Proceeds Raised in the Non-public Issuance of A Shares in 2016 of Zijin Mining Group Co., Ltd.\*”, and agreed on the changes in the abovementioned proceeds raised for investment projects.

For details of the changes of the projects, please refer to “3. Actual use of the proceeds previously raised”.

### **3. ACTUAL USE OF THE PROCEEDS PREVIOUSLY RAISED**

In accordance with the Company’s plan of the use of proceeds raised disclosed in the offering document of non-public issuance of A Shares in 2016, after the deduction of issuance expenses, the proceeds raised would be used for the Kolwezi Copper Mine construction project in the DR Congo, Zijin Copper’s capacity expansion project for comprehensive recovery of end materials in production and supplement working capital of the Company.

In March 2018, the Company changed the projects to be invested by the proceeds previously raised. After the changes, the actual projects to be invested by the proceeds raised included the Kolwezi Copper Mine construction project in the DR Congo, Zijin Copper’s capacity expansion project for comprehensive recovery of end materials in production, supplementing working capital of the Company and Heilongjiang Zijin Copper Co., Ltd. copper refining project.

According to the Company’s plan of the use of proceeds raised disclosed in the offering document of the public issuance of A Shares in 2018, after deduction of issuance expenses, the proceeds raised would be used for the project of all cash takeover of 100% interest of Nevsun Resources Ltd. After receiving the proceeds raised, the Company would use the proceeds raised to substitute the self-financed funds invested in the project in advance.

The actual use of the proceeds previously raised as at 31 March 2020 is set out in the “Actual use of the proceeds previously raised” and “Comparison table of the realised benefits of the projects invested by the proceeds previously raised” below.



## (1) Comparison table of the proceeds previously raised (the proceeds raised in the non-public issuance in 2016)

Unit: RMB billion											
Total amount of the proceeds raised		4,597,315.0				Accumulated total amount of proceeds raised used					
Total amount of change in the use of the proceeds raised		0.7879000				Total amount of proceeds raised used for the year					
Percentage of the total amount of change in the use of the proceeds raised		17.14%				2017					
						2018					
						2019					
						Three months ended 31 March 2020					
						-					
Investment project		Total amount of investment with the proceeds raised			Accumulative amount of investment with the proceeds raised as at 31 March 2020 (the “Cut-off Date”)			Difference between amount of the actual investment and amount of the committed investment after fund-raising (Note 2)		Date of the project for reaching the designated use (or progress of the construction of the project as at the Cut-off Date)	
No.	Committed investment project	Project actually invested	Amount of the committed investment before fund-raising	Amount of the committed investment after fund-raising	Amount of the actual investment	Amount of the committed investment before fund-raising	Amount of the committed investment after fund-raising	Amount of the actual investment			
1	I. The Kolwezi Copper Mine construction project in the DR Congo (Note 1)	I. The Kolwezi Copper Mine construction project in the DR Congo	3.2311821	2.4432821	2.5219903	3.2311821	2.4432821	2.5219903	0.0787082	30 June 2019	
2	II. Zijin Copper Co., Ltd.’s capacity expansion project for comprehensive recovery of end materials in production	II. Zijin Copper Co., Ltd.’s capacity expansion project for comprehensive recovery of end materials in production	0.1051022	0.0684640	0.0684640	0.1051022	0.0684640	0.0684640	-	30 June 2018	
3	III. Supplementing working capital	III. Supplementing working capital	1.2610307	1.2610307	1.2619343	1.2610307	1.2610307	1.2619343	0.0009036	N/A	
4	IV. Heilongjiang Zijin Copper Co., Ltd. copper refining project (Note 1)	IV. Heilongjiang Zijin Copper Co., Ltd. copper refining project (Note 1)	-	0.7879000	0.7938207	-	0.7879000	0.7938207	0.0059207	18 August 2019	
5	V. Perpetual supplementing working capital	V. Perpetual supplementing working capital	-	0.0366382	0.0377936	-	0.0366382	0.0377936	0.0011554	N/A	
Total			4,597,315.0	4,597,315.0	4,684,002.9	4,597,315.0	4,597,315.0	4,684,002.9	0.0866879		

## (2) Comparison table of the proceeds previously raised (the proceeds raised in the public issuance in 2018)

Total amount of the proceeds raised	7.8474280	Accumulated total amount of proceeds raised used	Unit: RMB billion
Total amount of change in the use of the proceeds raised	-	Total amount of proceeds raised used for the year	7.8477768
Percentage of the total amount of change in the use of the proceeds raised	-	2019	7.8477768
		Three months ended 31 March 2020	-

Investment project	No.	Committed investment project	Project actually invested	Total amount of investment with the proceeds raised			Accumulative amount of investment with the proceeds raised as at 31 March 2020 (the "Cut-off Date")			Difference between amount of the actual investment and amount of the committed investment after fund-raising (Note 2)	Date of the project for reaching the designated use (or progress of construction of the project as at the Cut-off Date)
				Amount of the committed investment before fund-raising	Amount of the committed investment after fund-raising	Amount of the actual investment	Amount of the committed investment before fund-raising	Amount of the committed investment after fund-raising	Amount of the actual investment		
	1	All cash takeover of 100% interest of Nevsun Resources Ltd.	All cash takeover of 100% interest of Nevsun Resources Ltd.	7.8474280	7.8474280	7.8477768	7.8474280	7.8474280	7.8477768	0.0003488	N/A

Note 1: Please refer to "2. Changes in the proceeds previously raised for actual investment projects" for the specific analysis and description of the changes in projects invested.

Note 2: The difference between the total amount of the actual investment of the projects invested by proceeds previously raised and the amount of committed investment after fund-raising is the interest earned from the deposit of the special account for proceeds raised and the investment wealth management income obtained from the idle proceeds raised for cash management.

**(3) Status of transfer and substitution of projects to be invested by the proceeds previously raised invested with self-financed funds in advance**

**1. Status of transfer of projects to be invested by the proceeds previously raised invested with self-financed funds in advance**

There is no transfer of projects to be invested by the proceeds previously raised invested with self-financed funds in advance.

**2. Status of the substitution of the proceeds previously raised**

**(1) Status of the substitution of the proceeds raised in the non-public issuance in 2016**

Before the proceeds previously raised in the non-public issuance was deposited in the account, the Company invested in the projects to be invested by the proceeds raised with self-financed funds in advance according to the actual situation. As at 31 May 2017, the actual self-financed funds of the Company invested in the projects invested by the proceeds raised in advance amounted to RMB556.2197 million.

Relevant matters with respect to the substitution of the Company's self-financed funds invested in the projects to be invested by the proceeds raised in advance was considered and approved at the eleventh extraordinary meeting in 2017 of the sixth term of the Board and the second extraordinary meeting in 2017 of the sixth term of the supervisory committee of the Company (the "Supervisory Committee") convened on 21 July 2017 respectively, at which all the independent Directors of the Company provided clear approval opinion as well. Ernst & Young Hua Ming LLP conducted specific verification on the use of self-financed funds to invest in the projects to be invested by the proceeds raised as at 31 May 2017 and issued "Specific Verification Report on Projects to be Invested by the Proceeds Raised Invested with Self-financed Funds in Advance of Zijin Mining Group Co., Ltd.\*" (Ernst & Young Hua Ming (2017) Zhuan Zi No. 60468092\_H03). As at 27 September 2017, the implementation of the substitution was completed.

Details of the substitution of self-financed funds invested in advance by the proceeds previously raised are as follows:

Unit: RMB billion

No.	Project name	Total amount of investment	Proposed amount to be invested by the proceeds raised	Amount invested by self- financed funds	Amount substituted by the proceeds raised
1	The Kolwezi Copper Mine construction project in the DR Congo	3.8618809	3.2311821	0.5256034	0.5256034
2	Zijin Copper Co., Ltd.'s capacity expansion project for comprehensive recovery of end materials in production	0.2283914	0.1051022	0.0306163	0.0306163
<b>Total</b>		<b>4.0902723</b>	<b>3.3362843</b>	<b>0.5562197</b>	<b>0.5562197</b>

Note: The self-financed funds invested in advance in the Kolwezi Copper Mine construction project in the DR Congo were settled in United States dollar. The total amount was USD76.5817 million, equivalent to RMB525.6034 million based on the middle rate of foreign exchange rate quotation of USD1:RMB6.8633 on 31 May 2017.

(2) Status of the substitution of the proceeds raised in the public issuance in 2018

Before the proceeds previously raised in the non-public issuance are deposited in the account, the Company used self-financed funds to invest in advance according to the actual situation. As at 22 November 2019, the actual self-financed funds of the Company invested in the project invested by the proceeds raised in advance amounted to RMB9,363,305,978.28.

Relevant matters with respect to the substitution of the Company's self-financed funds invested in the project to be invested by the proceeds raised in advance were considered and approved at the fourteenth extraordinary meeting in 2019 of the sixth term of the Board and the third extraordinary meeting in 2019 of the sixth term of the Supervisory Committee convened on 22 November 2019 respectively. Ernst & Young Hua Ming LLP conducted specific verification on the use of self-financed funds to invest in the project to be invested by the proceeds raised as at 22 November 2019 and issued

“Specific Verification Report on Project to be Invested by the Proceeds Raised Invested with Self-financed Funds in Advance of Zijin Mining Group Co., Ltd.\*” (Ernst & Young Hua Ming (2019) Zhuan Zi No. 60468092\_H06).

Details of the substitution of self-financed funds invested in advance by the proceeds previously raised are as follows:

Unit: RMB billion

No.	Project name	Total amount of investment	Proposed amount to be invested by the proceeds raised	Amount invested by self- financed funds	Amount substituted by the proceeds raised
1	All cash takeover of 100% interest of Nevsun Resources Ltd.	9.3633060	9.3633060	7.8474280	7.8474280

Note: Pursuant to the pre-acquisition agreement entered into between the Company and Nevsun in September 2018 with respect to the acquisition, the consideration for acquiring 100% interest of Nevsun is CAD1.8584994 billion, equivalent to approximately RMB9.3633060 billion (based on the middle rate of foreign exchange rate quotation of CAD1:RMB5.0381 of China Foreign Exchange Trade System on 29 December 2018).

**(4) Realised benefits of the projects invested by the proceeds previously raised in the most recent three years and one quarter**

1. For the realised benefits of the Kolwezi Copper Mine construction project in the DR Congo, Zijin Copper Co., Ltd.’s capacity expansion project for comprehensive recovery of end materials in production and Heilongjiang Zijin Copper Co., Ltd. copper refining project, please refer to Table 1, “Comparison table of the realised benefits of the projects invested by the proceeds previously raised (the proceeds raised in the public issuance in 2016)”.
2. The use of proceeds raised for supplementing working capital and repayment of bank borrowings lowered the debt-to-asset ratio and finance costs of the Company and effectively improved the financial position of the Company, which was not directly relevant to efficiency. The benefits cannot be accounted for individually.

3. The use of remaining proceeds raised for permanently supplementing working capital lowered the debt-to-asset ratio and finance costs of the Company and effectively improved the financial position of the Company, which was not directly relevant to efficiency. The benefits cannot be accounted for individually.
4. The proceeds raised in the public issuance of A Shares in 2018 were used for the project of all cash takeover of 100% interest of Nevsun Resources Ltd. There was no commitment in economic returns.
5. The basis and calculation method of the realised benefits in the comparison table of the realised benefits of the projects invested by the proceeds previously raised are the same with those of the committed benefits.

**(5) Operation of relevant assets concerned in assets in exchange for shares in the previous issuances**

There is no operation of relevant assets concerned in assets in exchange for shares in the previous issuances.

**(6) Use of idle proceeds raised**

In order to enhance the utilisation efficiency of the proceeds raised by the Company and protect the interests of the Company and the shareholders, the Company convened the ninth extraordinary meeting in 2017 of the sixth term of the Board and the first extraordinary meeting in 2017 of the sixth term of the Supervisory Committee on 14 June 2017 respectively, at which the Proposal in relation to Cash Management of the Temporarily Idle Proceeds Raised by the Company was considered and approved. It was agreed that cash management will be conducted on a portion of the temporarily idle proceeds raised under the non-public issuance in 2016 subject to a maximum amount of RMB1.9 billion (RMB1.9 billion inclusive). The approval was valid for a period of 12 months from the date of consideration and approval of the Board. Independent Directors and the sponsor provided opinion on approval for cash management of a portion of the temporarily idle proceeds raised by the Company respectively. For details, please refer to the announcement published on the websites of the Shanghai Stock Exchange and the Company on 15 June 2017 (announcement number: Lin 2017-033).

After the expiration of the abovementioned authorisation, the Company convened the ninth meeting of the sixth term of the Board and the ninth meeting of the sixth term of the Supervisory Committee on 24 August 2018 respectively, at which the Proposal in relation to Cash Management of the Temporarily Idle Proceeds Raised by the Company was considered and approved. It was agreed that cash management will be conducted on a portion of the temporarily idle proceeds raised under the non-public issuance in 2016 subject to a maximum amount of RMB1.5 billion (RMB1.5 billion inclusive). The approval was valid for a period of 12 months from the date of consideration and approval of the Board. Independent Directors and the sponsor provided opinion on approval for cash management of a portion of the temporarily

idle proceeds raised by the Company respectively. For details, please refer to the announcement published on the websites of the Shanghai Stock Exchange and the Company on 25 August 2018 (announcement number: Lin 2017-047).

In January to March 2020, there was no cash management of the temporarily idle proceeds raised by the Company. There was no investment or wealth management not yet expired as at 31 March 2020.

**(7) Use of the remaining proceed raised**

Zijin Copper Co., Ltd.'s capacity expansion project for comprehensive recovery of end materials in production became ready for production on 30 June 2018. The project's special account for proceeds raised had a balance of RMB37.6473 million (interest included); Zijin Mining Group Co., Ltd.\*'s special account for proceeds raised in ICBC Shanghang Branch had a balance of interest income of RMB146.3 thousand. As the designated projects to be invested are completed, the sixteenth extraordinary meeting in 2019 of the Board of the Company considered and approved that abovementioned remaining proceeds raised would be used to permanently supplement working capital. The remaining proceeds raised represented 0.82% of the net amount of proceeds raised, which was lower than 5% of the net amount of proceeds raised.

**(8) Other matters of the use of the proceeds previously raised**

There are no other matters of the use of the proceeds previously raised.

**4. COMPARISON BETWEEN THE ACTUAL USE OF THE PROCEEDS  
PREVIOUSLY RAISED AND THE RELEVANT DISCLOSURES IN REGULAR  
REPORTS OF THE COMPANY**

By comparing the disclosure of the actual use of the proceeds previously raised as at 31 March 2020 in this report and relevant disclosures in regular reports of the Company, no difference exists in the disclosures of the projects invested by the proceeds previously raised.

**5. CONCLUSION**

The Board is of the view that the Company made use of the proceeds previously raised according to the designated use of the proceeds raised, and did not breach any provision in proceeds raised management; the Company carried out the obligation of information disclosure and truthfully disclosed the use and progress of the proceeds previously raised in accordance with Regulations of the Reports on the Use of Proceeds Previously Raised issued by the CSRC (Zheng Jian Fa Xing Zi [2007] No. 500).

The Board and all Directors of the Company hereby warrant that the contents contained in this report have no false representations or misleading statements or material omissions, and jointly and severally accept legal responsibility for the truthfulness, accuracy and completeness for the contents contained in the report.

Table 1: Comparison table of the realised benefits of the projects invested by the proceeds previously raised

Zijin Mining Group Co., Ltd.\*  
Board of Directors  
22 June 2020

\* *The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this attachment shall prevail over its English text.



Table 1: Comparison table of the realised benefits of the projects invested by the proceeds previously raised (the proceeds raised in the non-public issuance in 2016)

Unit: RMB million									
Project actually invested Number	Name of project	Accumulative utilisation rate of production capacity of the project as at the Cut-off Date (Note 3)	Committed benefits	Actual benefits for the most recent three years and one quarter			January to March 2020	Accumulative realised benefits as at the Cut- off Date	Whether the expected benefits were met
				2017	2018	2019			
1	I. The Kolwezi Copper Mine construction project in the DR Congo	100%	Average annual net profit after tax of USD78.1390 million after reaching full production	170.9209	494.2907	454.6010	241.2938	1,361.1064	Yes
2	II. Zijin Copper Co., Ltd.'s capacity expansion project for comprehensive recovery of end materials in production	78%	Annual net profit of RMB71.8675 million after expansion of the project completed and reaching anode slime processing capacity of 5,000 tonnes/annum	-	50.4104	80.3950	22.7838	153.5892	Note 1
3	III. Supplementing working capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
4	IV. Heilongjiang Zijin Copper Co., Ltd. copper refining project	75%	Average annual profit before tax of RMB475.2870 million	N/A	N/A	(56.8801)	46.1986	(10.6815)	Note 2
5	V. Permanently supplementing working capital	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

## Notes:

1. Zijin Copper Co., Ltd.'s capacity expansion project for comprehensive recovery of end materials in production became ready for use and started pilot production in June 2018. In January 2019, the project completed all the acceptance checks. The production capacity has already reached 5,000 tonnes per annum of anode slime processing. Yet, the utilisation rate of production capacity was only about 78% of the designated capacity. The major raw material of the project to be invested by the proceeds raised is the anode slime produced from the end of production of the Company's refining projects. As the new and expansion projects of the Company's refineries will be completed at different times, the current processing volume is temporarily below 5,000 tonnes per annum. With the gradual production commencement and entering into full production of the refining projects of the Company's subsidiaries including Heilongjiang Zijin Copper, Jilin Zijin Copper, Zijin Copper, etc., the processing capacity of anode slime in 2021 is estimated to be above 5,000 tonnes per annum.
2. Heilongjiang Zijin Copper Co., Ltd. copper refining project used raw materials and started pilot production in September 2019, and produced the first batch of copper cathode in October 2019, the designated target of production capacity is not yet reached. It is expected that the designated production capacity shall be reached in 2021.
3. Accumulative utilisation rate of production capacity of the project as at the Cut-off Date denotes the proportion of the actual production volume to the designated production capacity of the projects invested from the date the project invested are ready for use to the Cut-off Date.

**Table 2: Comparison table of the realised benefits of the project invested by the proceeds previously raised (the proceeds raised in the public issuance in 2018)**

Project actually invested Number	Name of project	Accumulative utilisation rate of production capacity of the project as at the Cut-off Date	Actual benefits for the most recent three years and one quarter			Whether the expected benefits were met
			2017	2018	2019 to March 2020	
1	I. All cash takeover of 100% interest of Nevsun Resources Ltd.	N/A	N/A	N/A	N/A	N/A

Unit: RMB billion

Note: The Company did not make any commitment in economic returns as the proceeds raised in the public issuance in 2018 was used for project of acquisition of equity interest.

Should there be any discrepancy, the Chinese text of these tables shall prevail over its English text.

**Zijin Mining Group Co., Ltd.\***  
**Rules for A Share Convertible Corporate Bondholders' Meetings**

**Chapter I General Provisions**

**Article 1** In order to regulate the organisation and behaviour of meetings of holders of A Share Convertible Corporate Bonds (“Bondholders’ Meeting(s)”) under the public issuance of A Share Convertible Corporate Bonds (the “Public Issuance of A Share Convertible Corporate Bonds”) of Zijin Mining Group Co., Ltd.\* (the “Company” or “Issuer”), specify the rights and obligations of the Bondholders’ Meetings and protect the legitimate rights and interests of the holders of the A Share Convertible Corporate Bonds (the “Bondholders”), the rules have been formulated pursuant to the requirements under the relevant laws, regulations, rules and regulatory documents including the Company Law of the People’s Republic of China (2018 Amendments), the Securities Law of the People’s Republic of China (2019 Amendments), the Administration Measures for the Issuance of Securities by Listed Companies (2020 Amendments) promulgated by the China Securities Regulatory Commission (the “CSRC”), the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and other provisions with reference to the actual conditions of the Company.

**Article 2** The convertible corporate bonds under the rules shall be the A Share Convertible Corporate Bonds as agreed to be issued by the Company pursuant to the Offering Document of the Public Issuance of A Share Convertible Corporate Bonds in 2020 of Zijin Mining Group Co., Ltd.\* (hereinafter referred to as the “A Share Convertible Corporate Bonds Offering Document”). Bondholders shall refer to the investors who acquire A Share Convertible Corporate Bonds through subscription, purchase or other legitimate means.

**Article 3** The Bondholders’ Meetings shall be composed of all Bondholders under the rules and shall be convened and held according to the procedures stipulated in the rules to consider and vote for the matters within the extents of authority stipulated in the rules according to laws.

**Article 4** The resolutions passed at the Bondholders’ Meetings under the rules shall be equally binding on all Bondholders (including those who are present at the meetings, do not attend the meetings, vote against the resolutions or abstain from voting and the Bondholders who become the holders of the A Share Convertible Corporate Bonds through transfer after passing the relevant resolutions).

**Article 5** Investors who subscribe, hold or receive the transfer of the A Share Convertible Corporate Bonds are deemed to agree on the all provisions of the rules and are binding by these rules.

**Chapter II Rights and Obligations of the Bondholders**

**Article 6** Rights of the Bondholders are as follows:

- (1) to receive agreed interests in accordance with the amount of the A Share Convertible Corporate Bonds held during the period;
- (2) to convert the A Share Convertible Corporate Bonds held by the Bondholders into A Shares of the Company according to the agreed conditions as stipulated in the A Share Convertible Corporate Bonds Offering Document;
- (3) to exercise right of sale back on agreed conditions as stipulated in the A Share Convertible Corporate Bonds Offering Document;
- (4) to assign, grant or pledge the A Share Convertible Corporate Bonds held by the Bondholders in accordance with the laws, regulations and the articles of association of Zijin Mining Group Co., Ltd.\* (the “Articles of Association”);
- (5) to receive relevant information in accordance with the laws and the Articles of Association;
- (6) to request the Company to repay the principal and interest of the A Share Convertible Corporate Bonds within the agreed period and by the agreed manner as stipulated in the A Share Convertible Corporate Bonds Offering Document;
- (7) to attend the Bondholders’ Meetings, either in person or by proxy, and vote in accordance with relevant stipulations under laws, regulations, etc.; and
- (8) other rights as creditors of the Company prescribed by applicable laws, regulations and the Articles of Association.

**Article 7** Obligations of the Bondholders are as follows:

- (1) to abide by the relevant terms of the issuance of A Share Convertible Corporate Bonds by the Company;
- (2) for those obtained the A Share Convertible Corporate Bonds by subscription, to pay the subscription amount in accordance with the amount of A Share Convertible Corporate Bonds subscribed for;
- (3) to abide by the effective resolutions approved at the Bondholders’ Meetings;

- (4) not to request the Company to make prepayment of the principal and interest of the A Share Convertible Corporate Bonds in advance, unless otherwise required by applicable laws and regulations, or otherwise agreed in the A Share Convertible Corporate Bonds Offering Document; and
- (5) other obligations of the Bondholders prescribed by applicable laws, regulations and the Articles of Association.

### **Chapter III Extents of Authority of the Bondholders' Meetings**

**Article 8** The extents of authority of the Bondholders' Meetings are as follows:

- (1) to resolve whether to approve the Company's proposal of modifying the plan contained in the A Share Convertible Corporate Bonds Offering Document, but the Bondholders' Meetings shall not resolve to approve the Company not to pay the principal and interest of the A Share Convertible Corporate Bonds, modify the interest rate and term of the bonds or cancel the terms of redemption or sale back contained in the A Share Convertible Corporate Bonds Offering Document;
- (2) to resolve whether to approve the solutions to the failure to pay the principal and interest of the A Share Convertible Corporate Bonds on time by the Company; to resolve whether to enforce repaying the principal and interest of the bonds by the Company and the guarantors (if any) through litigation and other procedures; to resolve whether to participate in the legal procedures of the Company including rectification, settlement, reorganisation or bankruptcy;
- (3) to resolve whether to accept the Company's proposal in relation to a capital reduction (other than a capital reduction caused by a share repurchase under a share incentive scheme), merger, division or dissolution, or files for bankruptcy and to resolve to the plan of exercising the rights entitled to the Bondholders according to laws;
- (4) to resolve to the plan of exercising the rights of the Bondholders according to laws in case any material adverse change arises from the guarantors (if any) or the collateral (if any);
- (5) to resolve to the plan of exercising the rights of the Bondholders according to laws in case any event having a material impact on the interests of the Bondholders happens;
- (6) to resolve to the amendments to the rules as permitted by the laws; and
- (7) other circumstances which require to be resolved at a Bondholders' Meeting in accordance with the laws, regulations, rules and regulatory documents.

**Chapter IV Convention of the Bondholders' Meetings**

**Article 9** The Bondholders' Meetings shall be convened and presided by the Board of the Company. The Board of the Company shall, within 30 days after the proposal has been raised or received by the Board, convene the Bondholders' Meeting. The Board of the Company shall publish a notice to all Bondholders and concerned participants in media designated for information disclosure of the Company at least 15 days prior to the meeting, which shall specify the specific time, venue, agenda, convention methods, etc. as confirmed by the Board of the Company.

**Article 10** During the term of the A Share Convertible Corporate Bonds, a Bondholders' Meeting shall be convened by the Board of the Company upon the occurrence of any of the following events:

- (1) the Company proposes to change the terms of the A Share Convertible Corporate Bonds Offering Document;
- (2) the Company defaults in paying the principal and interests of A Share Convertible Corporate Bonds for the current period on time;
- (3) it is proposed to amend the Rules for A Share Convertible Corporate Bondholders' Meetings;
- (4) the Company undertakes a capital reduction (other than a capital reduction caused by share repurchase under a share incentive scheme), merger, division or dissolution, files for bankruptcy;
- (5) any material adverse change arises from the guarantors (if any) or the collateral (if any);
- (6) the Company's management is unable to execute the responsibility as usual, which leads to severe uncertainties in the debt repayment capability of the Company, and actions are required to be taken according to laws;
- (7) the Company proposes a debt restructuring plan;
- (8) issues that will generate material and substantial impact on the interests of the Bondholders occur; and
- (9) other matters which shall be considered and approved at the Bondholders' Meetings, according to provisions of law, regulations, the CSRC, the Shanghai Stock Exchange and the Rules for A Share Convertible Corporate Bondholders' Meetings.

The following entities or persons may propose a Bondholders' Meeting:

- (1) the Board of the Company;
- (2) the Bondholders individually or jointly holding 10% or more of the total par value of the outstanding bonds through written proposal; and
- (3) other entities or persons prescribed by the laws, regulations and the CSRC through written proposal.

**Article 11** Within 15 days after the events mentioned in Article 10 of the rules happen, in the event that the Board of the Company fails to perform its duties under the rules, the Bondholders individually or jointly holding 10% or more of the total par value of the outstanding bonds are entitled to publish a notice convening the Bondholders' Meeting in the form of an announcement.

**Article 12** After a notice of Bondholders' Meeting is given, no change shall be made to the meeting time or the proposals stated in the notice and the meeting shall not be cancelled due to a reason other than force majeure. In the event that there is a change in the meeting time or the proposals stated in the notice or the meeting is cancelled due to force majeure, the convenor shall notify all Bondholders with reasons provided in the form of an announcement within at least 5 trading days prior to the original date of convening such Bondholders' Meeting. No change shall be made to the record date of the Bondholders. The supplemental notice of Bondholders' Meeting shall be published in the same designated media in which the notice of meeting was published.

After a notice of Bondholders' Meeting is given, where the proposal to be approved at the Bondholders' Meeting to be convened is cancelled, the convenor can publish a notice of cancellation of convening the Bondholders' Meeting in the form of an announcement and provide reasons for such cancellation.

**Article 13** The convenor of a Bondholders' Meeting shall publish the notice of Bondholders' Meeting in the media designated by CSRC. A notice of Bondholders' Meeting shall comprise the following contents:

- (1) the time, venue, convenor and way of voting of the meeting;
- (2) matters to be considered at the meeting;
- (3) explicit text stating that all Bondholders are entitled to attend and vote at the Bondholders' Meeting, either in person or by proxy;
- (4) the record date on which to determine the Bondholders who are entitled to attend the Bondholders' Meeting;

- (5) necessary documents and formalities required for attending the meeting, including but not limited to the power of attorney authorising the proxy to attend the meeting on behalf of the Bondholders;
- (6) the name of the convenor and the names and telephone numbers of the contact persons for the affairs of the meeting; and
- (7) other matters required to be notified by the convenor.

**Article 14** The record date of a Bondholders' Meeting shall not be earlier than 10 days prior to the date of convening the Bondholders' Meeting and shall not be later than 3 days prior to the date of convening the Bondholders' Meeting. The holders of the outstanding A Share Convertible Corporate Bonds whose names appear in the depository register of China Securities Depository and Clearing Corporation Limited or of other institutions approved under applicable laws at the close of the record date will be entitled to attend the Bondholders' Meeting.

**Article 15** On-site Bondholders' Meetings shall in principle be held at the domicile of the Company. The venue shall be provided by the Company or the convenor of the Bondholders' Meetings.

**Article 16** An institution or a person who issues a notice of Bondholders' Meeting under the rules is the convenor of such meeting.

**Article 17** When convening a Bondholders' Meeting, the convenor shall engage lawyers to issue legal opinions in relation to the following matters:

- (1) whether the procedures for convening and holding the meeting are in compliance with laws, regulations and the rules;
- (2) whether the qualifications of the persons present at the meeting and the convenor are lawful and valid;
- (3) whether the voting procedures at the meeting and the voting results are lawful and valid; and
- (4) other legal opinions to be issued in relation to other relevant matters at the request of the convenor.



**Chapter V Proposals, Participants and their Rights of Bondholders' Meetings**

**Article 18** The proposal to be proposed at the Bondholders' Meetings for consideration shall be drafted by the convenor and shall be in compliance with the laws and regulations as permitted within the extents of authority of the Bondholders' Meetings with clear subject matters and specific items to be resolved.

**Article 19** The matters to be considered at the Bondholders' Meetings shall be decided by the convenor according to Articles 8 and 10 of the rules.

Bondholders individually or jointly holding 10% or more of the par value of the outstanding A Share Convertible Corporate Bonds may submit a provisional proposal to a Bondholders' Meeting. The Company and its connected persons may attend the Bondholders' Meeting and submit a provisional proposal. The provisional proposal, provided with complete details, shall be submitted to the convenor no later than 10 days prior to the date of convening the Bondholders' Meeting. The convenor shall issue a supplemental notice of Bondholders' Meeting within 5 days after receiving the provisional proposal and publish an announcement containing the name of the Bondholder who proposed such proposal, the percentage of the outstanding bonds held by such Bondholder and the particulars of such proposal. The supplemental notice shall be published in the same designated media in which the notice of meeting was published. Unless otherwise provided in the above articles, the convenor shall not amend the proposals set out in the notice of Bondholders' Meeting, or add new proposals after the notice of meeting is given. No voting shall take place and no resolutions shall be made at the Bondholders' Meeting on the proposals which are not set out in the notice of the meeting (including the supplemental notice of adding provisional proposals) or do not meet the requirements under the rules.

**Article 20** Bondholders are entitled to attend or appoint a proxy to attend the Bondholders' Meetings and execute the voting rights. The travelling, catering and accommodation expenses incurred by the Bondholders and their proxies for attending the Bondholders' Meetings shall be borne by the Bondholders.

The Company may attend the Bondholders' Meetings, but has no voting rights. If the Bondholders are shareholders holding more than 5% of the A Shares of the Company, or the connected persons of such shareholders, the Company and the guarantors (if any), then these Bondholders can issue their opinion in the meetings but have no voting rights, and the amount of A Share Convertible Corporate Bonds held by them shall not be included in the total amount of the A Share Convertible Corporate Bonds having voting rights when passing a resolution at the Bondholders' Meetings. The record date of determining the aforementioned shareholders of the Company shall be the record date of the Bondholders' Meetings.

Upon the approval from the chairman of the meeting, the guarantor (if any) or other important relevant parties of the A Share Convertible Corporate Bonds in this period may attend the Bondholders' Meeting and have the right to explain relevant matters, but have no voting right.

**Article 21** A Bondholder who attends a Bondholders' Meeting shall present his/her own identity document and stock account card holding the outstanding A Share Convertible Corporate Bonds or other supporting documents as required by the applicable laws. A legal representative or responsible person who attends a Bondholders' Meeting on behalf of the Bondholder shall present his/her own identity document, valid proof of his/her qualification as a legal representative or responsible person and stock account card holding the outstanding A Share Convertible Corporate Bonds or other supporting documents as required by the applicable laws.

A proxy who attends a Bondholders' Meeting on behalf of the Bondholder shall present his/her own identity document, power of attorney issued by such Bondholder (or his/her legal representative or responsible person) according to laws, identity document of such Bondholder, stock account card holding the outstanding A Share Convertible Corporate Bonds of such Bondholder or other supporting documents as required by the applicable laws.

**Article 22** The power of attorney issued by a Bondholder to appoint another person to attend a Bondholders' Meeting shall contain the following particulars:

- (1) the name and identity card number of the proxy;
- (2) the extents of authority of the proxy, including but not limited to the right to vote;
- (3) the instructions to vote for or against, or to abstain from voting on, each matter set out on the agenda of the Bondholders' Meeting;
- (4) the date and validity of the power of attorney; and
- (5) the signature or stamp of such Bondholder.

The power of attorney shall contain a statement that, in the absence of specific instructions from the Bondholder, the proxy may or may not vote at his/her discretion. The power of attorney shall be made available to the convenor of the Bondholders' Meeting at least 24 hours prior to the meeting.

**Article 23** The convenor and the lawyer shall jointly verify the qualifications and legitimacy of the Bondholders attending the meeting based on the register of the Bondholders provided by the securities registration and clearing institution at the close of the record date, and record the names of Bondholders and their proxies attending the Bondholders' Meeting and the number of A Share Convertible Corporate Bonds held by them with voting rights.

The aforementioned register of Bondholders shall be obtained by the Company from the securities registration and clearing institution and shall be provided to the convenor free of charge.

### **Chapter VI Holding of the Bondholders' Meetings**

**Article 24** Bondholders' Meetings may be held in the form of on-site meetings, telecommunication or other methods.

**Article 25** The chairman of a Bondholders' Meeting shall be an authorised representative of the Board, who shall preside the Bondholders' Meeting. In the event that the Board cannot fulfill its duty, a Bondholder (or a proxy of the Bondholder) elected by the Bondholders representing at least 50% (exclusive) of par value of the A Share Convertible Corporate Bonds shall be the chairman of the meeting and preside the meeting. If the chairman of the meeting cannot be nominated in accordance with the aforementioned provisions within 1 hour after the commencement of the meeting, a Bondholder (or his/her proxy) with the largest total number of voting rights of the outstanding bonds present at the meeting shall be the chairman of the meeting and preside the meeting.

**Article 26** As requested by Bondholders individually or jointly holding 10% or more of the total voting rights of the A Share Convertible Corporate Bonds, the Company shall appoint its directors, supervisors or senior management to present at the Bondholders' Meetings. Save for the trade secrets of the Company or those as restricted by the applicable laws and the information disclosure requirements of the listed companies, the directors, supervisors or senior management of the Company who present at the meeting shall answer to or explain for the enquiries and suggestions from the Bondholders.

**Article 27** The chairman of the meeting shall produce a signature book of persons attending the meeting. The signature book shall contain the name of the Bondholders attending the meeting, the name of the proxies attending the meeting and their identity card numbers, the total par value of the A Share Convertible Corporate Bonds with voting rights held or represented by them, the stock account card number and the name of the proxies (or the name of the units) as required by applicable laws.

Meeting registration shall be terminated before the chairman of the meeting announces the number of Bondholders and proxies physically present at the meeting as well as the total number of A Share Convertible Corporate Bonds held or represented.

**Article 28** The directors, supervisors and senior management of the Company may present at the Bondholders' Meetings.

**Article 29** As agreed at the meeting, the chairman of the meeting has the right to adjourn and resume the meeting or change the venue of the meeting. As requested at the meeting by way of resolution, the chairman of the meeting shall change the time and venue of the meeting based on the resolution. The resumed meeting after adjournment shall not make a resolution to the matters beyond the extents of the proposals at the original meeting.

#### **Chapter VII Voting, Resolution and Minutes of the Bondholders' Meetings**

**Article 30** Every proposal submitted to the meeting shall be voted by the Bondholders who have the right to attend the Bondholders' Meetings or their duly appointed proxies at the meeting. Every outstanding bond (face value of RMB100) shall have one vote.

**Article 31** Different proposals or different juxtaposed matters on the same proposal of the Bondholders' Meetings stated in the announced meeting notice shall be considered and voted one by one. Except for special reasons such as force majeure that result in suspension of a meeting or failure to make any resolution, no proposal set forth in the notice of the meeting may be shelved or may not be voted at the meeting. In the event that there are different proposals on the same matter, they shall be voted and resolved in chronological order of proposing such proposals.

No voting shall take place for the matters not announced at the Bondholders' Meetings. When considering the matters to be considered at the Bondholders' Meetings, no change shall be made to the matters to be considered. Any change to the matters to be considered shall be deemed as a new matter to be considered and shall not be voted at such meeting.

**Article 32** Voting at the Bondholders' Meetings shall take place by way of open ballot.

When the Bondholders or their proxies vote for the matters to be considered, they shall only vote for or against or abstain.

The un-filled, wrongly-filled, illegible votes shall be considered as spoilt votes and the correspondingly voting number for such votes shall not be included in the voting results. Unvoted votes shall be deemed as the voters' surrender of voting rights and shall not be included in the voting results.

**Article 33** The following Bondholders may attend the Bondholders' Meetings, submit proposals at the meetings for discussion and express opinions thereon but have no voting rights, and the number of A Share Convertible Corporate Bonds represented by them shall not be included in the number of A Share Convertible Corporate Bonds in the attendance of the Bondholders' Meetings:

- (1) Bondholders holding 5% or more of the A Shares in the Company; and
- (2) the connected persons of the above shareholders of the Company, the Company and the guarantors (if any).

**Article 34** There shall be two scrutineers at the meeting, who are responsible for counting votes and scrutinising voting respectively. The scrutineers shall be recommended by the chairman of the meeting and shall be served by Bondholders (or proxies of Bondholders) attending the meeting. Bondholders who have connected relationships with the Company and their proxies shall not serve as scrutineers.

When voting for each of the matters for consideration, the votes shall be counted by at least two Bondholders (or proxies of Bondholders) and an authorised representative of the Company, who shall announce the voting results on the spot. The lawyer shall be responsible for witnessing the voting procedures.

**Article 35** The chairman of the meeting shall confirm whether the resolutions at the Bondholders' Meeting are passed based on the voting results and announce the voting results at the meeting. The voting results for the resolutions shall be included in the minutes of the meeting.

**Article 36** In the event that the chairman of the meeting has any doubt to the voting results of the resolution, he/she may recount the casted votes. In the event that the chairman of the meeting does not propose to recount the votes, Bondholders (or proxies of Bondholders) attending the meeting and disagreeing on the results announced by the chairman of the meeting shall have the right to demand for recounting the votes immediately upon the announcement of voting results, and the chairman of the meeting shall arrange to recount the votes immediately.

**Article 37** Unless otherwise stipulated in the rules, the resolutions passed at the Bondholders' Meetings shall be agreed by the Bondholders holding more than half of the total par value of the outstanding A Share Convertible Corporate Bonds attending the meetings.

**Article 38** The resolutions passed at the Bondholders' Meetings shall be effective from the date of passing the resolutions. Those needed to be approved by the authorities shall be effective from the date of approval or the date otherwise determined by the relevant approval. Pursuant to the relevant laws, regulations, A Share Convertible Corporate Bonds Offering Document and the rules, the resolutions passed at the Bondholders' Meetings by voting shall be legally binding on all Bondholders (including those who do not attend the meeting or hold different views towards the results).

In the event that any resolution in relation to the A Share Convertible Corporate Bonds causes any change in the rights and obligations between the Company and the Bondholders, in addition to those made by the Bondholders being binding on the Company as clearly stated in laws, regulations, rules and the A Share Convertible Corporate Bonds Offering Document:

- (1) If such resolution is made based on a proposal from the Bondholders, it shall be legally binding on the Company and all Bondholders after being passed at the Bondholders' Meetings by voting and obtaining a written consent of the Company;
- (2) If such resolution is made based on a proposal from the Company, it shall be legally binding on the Company and all Bondholders after being passed at the Bondholders' Meetings by voting.

**Article 39** The Board of the Company shall make an announcement of the resolutions within 2 trading days after the resolutions being passed at a Bondholders' Meeting on media designated by the regulatory authorities. The announcement shall contain the date, time, venue, method, convenor and chairman of the meeting, the number of Bondholders and proxies attending the meeting, the number of A Share Convertible Corporate Bonds with voting rights represented by Bondholders and proxies attending the meeting and its percentage to the total number of the A Share Convertible Corporate Bonds, the voting results of each of the matters to be considered and the details of the resolutions passed.

**Article 40** Minutes shall be prepared for the Bondholders' Meetings and shall contain the following particulars:

- (1) time, venue and agenda of the meeting and the name of convenor;
- (2) names of the chairman of the meeting, persons who attend and present at the meeting and witnessing lawyer, scrutineers and vote counters of the meeting;
- (3) number of Bondholders and proxies attending the meeting, the number of A Share Convertible Corporate Bonds with voting rights represented by them and its percentage to the total number of the A Share Convertible Corporate Bonds;
- (4) the main points for each of the matters to be considered;
- (5) the voting results of each of the matters voted for;
- (6) the enquiries and suggestions from the Bondholders and the reply and explanation from the directors, supervisors or senior management of the Company; and
- (7) any other particulars considered to be necessary to be included in the minutes of the Bondholders' Meetings according to the laws, regulations and regulatory documents.

**Article 41** The convenor and chairman of the meeting shall guarantee the truthfulness, accuracy and completeness of the minutes of the Bondholders' Meetings. The minutes shall be signed by the chairman, convenor (or his/her representative), recorder and scrutineers who attend the meeting. The Board of the Company shall keep the minutes, casted votes, signature books, power of attorney, legal opinions issued by lawyers and other documents and information in relation to the Bondholders' Meetings for ten years.

**Article 42** The convenor shall guarantee the proceeding of the Bondholders' Meetings until a final resolution is formed. In the event that the meeting is interrupted, cannot proceed normally or fails to make a resolution due to special reasons such as force majeure and unexpected events, necessary measures shall be taken to resume or directly terminate the meeting as soon as possible and an announcement shall be made for such circumstances. At the same time, the convenor shall report to the branch of the CSRC in where the Company operates and the Shanghai Stock Exchange.

Measures shall be taken to stop the behaviour which interrupts the meeting, provokes troubles and infringes the legitimate rights of the Bondholders and a report shall be made to the relevant authorities for investigation and punishment.

**Article 43** The Board of the Company shall execute the resolutions passed at the Bondholders' Meetings in a strict manner, communicate with the relevant parties on behalf of the Bondholders with respect to the relevant resolutions in a timely manner and procure the concrete implementation of the resolutions passed at the Bondholders' meetings.

### **Chapter VIII Supplemental Provisions**

**Article 44** If there is any specific provision on the Rules for A Share Convertible Corporate Bondholders' Meetings in the laws, regulations, rules and regulatory documents, such provision shall be complied with. Without the consent of the Company and being resolved and passed at a Bondholders' Meeting, no change shall be made to the rules.

**Article 45** The matters to be announced under the rules shall be announced on the website of the Shanghai Stock Exchange and the media of information disclosure designated by the Company.

**Article 46** In the rules, the expressions of "above" and "within" shall be inclusive of the stated figure while the expressions of "over", "lower than" and "more than" shall be exclusive of the stated figure.

**Article 47** The “outstanding A Share Convertible Corporate Bonds” mentioned in the rules refers to all issued A Share Convertible Corporate Bonds other than the following A Share Convertible Corporate Bonds:

- (1) the A Share Convertible Corporate Bonds of which principal and interest have been repaid;
- (2) the A Share Convertible Corporate Bonds which falls due for principal and interest with such payment being paid by the Company to the payment agent and becoming available to pay principal and interest to the Bondholders. The payment shall comprise any interest and principal of such A Share Convertible Corporate Bonds payable under the terms of the A Share Convertible Corporate Bonds as at the date of payment;
- (3) the A Share Convertible Corporate Bonds which have been converted to the A Shares of the Company; and
- (4) the A Share Convertible Corporate Bonds which have been repurchased and cancelled by the Company as agreed.

**Article 48** Any dispute arising from the legitimacy of the convening, holding, voting procedures and resolution of Bondholders' Meetings shall be resolved through litigation at the people's court having the right of jurisdiction in where the Company's domicile is located.

**Article 49** The rules shall be effective from the date of issuing A Share Convertible Corporate Bonds upon consideration and approval at a shareholders' general meeting of the Company.

**Article 50** The rules shall be interpreted by the Board of the Company.

\* *The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.



**Zijin Mining Group Co., Ltd.\*****Proposal in relation to Profit Distribution and Return Plan for the Next Three Years  
(Year 2020-2022)**

Pursuant to “Notice in relation to Further Implementing Cash Dividend Distribution of Listed Companies” (Zheng Jian Fa [2012] No. 37) and “Regulatory Guidelines No. 3 for Listed Companies – Distribution of Cash Dividends of Listed Companies” (Zheng Jian Fa [2013] No. 43) issued by the China Securities Regulatory Commission, requirements of other relevant laws, regulations and regulatory documents, and provisions of the articles of association of the Company (the “Articles of Association”), in order to improve the decision making and supervisory mechanism of profit distribution of Zijin Mining Group Co., Ltd.\* (the “Company”), while taking into consideration the Company’s production and operation, sustainable development and providing reasonable returns to investors, the Company formulated the “Profit Distribution and Return Plan for the Next Three Years (Year 2020-2022) of Zijin Mining Group Co., Ltd.\*” (the “Profit Distribution and Return Plan”). The details are as follows:

**I. FACTORS TO BE CONSIDERED IN THE FORMULATION OF THE PROFIT DISTRIBUTION AND RETURN PLAN**

Through the formulation of the Profit Distribution and Return Plan, the Company intends to distribute profits systematically and establish a sustainable, stable and scientific return mechanism for investors, by paying attention to the long-term and sustainable development of the Company, while comprehensively analysing the Company’s actual operating conditions, shareholders’ views, capital cost of the society and external financing environment, etc., and giving full consideration to the current and future profit scale, cash flow conditions, development stage, capital demand for project investment, bank credit facilities and debt financing environment, etc.

**II. PRINCIPLES OF THE FORMULATION OF THE PROFIT DISTRIBUTION AND RETURN PLAN**

The Company shall fully regard reasonable returns to investors as an important matter in profit distribution, while taking into account the sustainable development of the Company and maintaining the continuity and stability of the profit distribution policies, which shall comply with the provisions of the relevant laws and regulations. The profits distributed by the Company shall not exceed the amount of accumulated distributable profits, and shall not damage the Company’s capacity in sustainable operation. The Company shall actively promote distribution of cash dividends.

During the decision making and verification process of profit distribution policies of the board of directors (the “Board”) and shareholders’ general meetings of the Company, communication and exchange shall be made with independent directors, supervisors and shareholders (especially the minority shareholders) and their views and requests shall be fully listened. The concerns of the minority shareholders shall be addressed in a timely manner.

**III. DETAILS OF PROFIT DISTRIBUTION AND RETURN PLAN OF THE COMPANY  
FOR THE NEXT THREE YEARS****(1) Forms of profit distribution**

The Company may distribute dividends in cash, bonus shares or by other means as allowed by laws and regulations. Among the above means of profit distribution, the Company shall take distribution of cash dividends as the preferential means.

**(2) Conditions of profit distribution in cash**

In accordance with the Company Law of the People's Republic of China, other relevant laws and regulations and the provisions of the Articles of Association, when the distributable profit of the Company which includes the current year's net realised profit after deducting losses, full provisions of statutory reserve and discretionary reserve is positive, and the audit body has issued a standard and unqualified audit report for the Company's annual financial report (financial report in relation to interim profit distribution in cash can be unaudited), the Company shall make a cash dividend distribution plan except in special circumstances (such as material investment plans or material cash expenditures, etc.).

When the Company meets the above conditions of profit distribution in cash but does not distribute cash dividends for special reasons, the Board shall give special explanation for the matters including detailed reasons for not distributing cash dividends and the use of undistributed profits. After the independent directors have provided their opinion, it shall be tabled to the shareholders' general meeting for consideration.

**(3) The Board shall comprehensively take into account factors including the characteristics of the industry of the Company, the Company's development stage, own business model, profitability, and if there are any substantial capital expenditure arrangements, etc., to categorise the Company's situation into the followings and propose a differentiated cash dividend distribution policy according to the procedures as stipulated in the Articles of Association:**

1. If the Company's development is in maturity stage without substantial capital expenditure arrangement, during profit distribution, the proportion of cash dividends of the profit distribution shall not be less than 80%.
2. If the Company's development is in maturity stage with substantial capital expenditure arrangements, during profit distribution, the proportion of cash dividends of the profit distribution shall not be less than 40%.

3. If the Company's development is in growth stage with substantial capital expenditure arrangements, during profit distribution, the proportion of cash dividends of the profit distribution shall not be less than 20%.

If the development stage of the Company cannot be easily identified but there are substantial capital expenditure arrangements, it can be carried out in accordance with the preceding paragraph.

(4) Intervals and proportion of profit distribution

Subject to the premise of fulfilling the profit distribution conditions under the provisions of the Articles of Association, the Company shall at least carry out profit distribution once a year. The Board can propose to distribute interim cash dividends according to the operating conditions and capital requirements of the Company.

On satisfaction of the abovementioned conditions to distribute cash dividends, the Company's accumulative profit distribution in cash for the last 3 years shall not be less than 90% of the average annual distributable profits realised for the last 3 years, that is: (the accumulative profit distribution in cash for the last 3 years  $\geq$  (sum of the annual distributable profit realised in the last 3 consecutive years)  $\div$  3  $\times$  90%). In principle, the Company's annual distribution of cash dividends shall not be less than 30% of the realised distributable profits for the year (excluding the undistributed profits of last year).

(5) Conditions for distribution of bonus shares

The Board may consider adopting methods such as distribution of bonus shares and conversion of capital reserves into issued capital for distribution. The Company shall consider the scale of the existing share capital before distribution of bonus shares, and pay attention to simultaneous growth in share capital and operating performance.

(6) Formulation procedures of profit distribution plan

According to the provisions of the Articles of Association, the Board may, after fully considering a variety of factors such as the Company's profitability, cash flow conditions, reproduction and investment needs of the Company together with the requests of shareholders (especially minority shareholders), and the opinion of independent directors and supervisors, propose an annual or interim profit distribution plan for the Board's consideration.

The profit distribution plan shall be approved by more than half of the Board at the Board meeting, and by more than half of the voting rights held by the shareholders attending the shareholders' general meeting. If the shareholders' general meeting considers the proposal of dividend distribution by bonus shares or conversion of capital reserves into issued capital for distribution, the proposal shall be approved by more than two-thirds of the voting rights held by the shareholders attending the shareholders' general meeting.

When formulating cash dividend distribution proposal, the Board shall actively communicate and exchange views with shareholders, especially minority shareholders through various channels (including but not limited to telephone, fax and mail communication, etc.), to fully listen to their views and requests, and provide timely responses to minority shareholders' concerns. Independent directors shall deliver independent opinion on the dividend distribution proposal.

(7) Amendment procedures of profit distribution policies

If there are material changes in the external environment or the Company's own operating conditions, where amendments of the profit distribution policies are necessary, protection for the interest of minority shareholders of the Company shall be fully taken into account. The amended profit distribution policies shall not violate the requirements of relevant laws, regulations and regulatory documents. The proposal for amendment of profit distribution policies shall be considered at the Board meeting and the shareholders' general meeting. The proposal for amendment of profit distribution policies shall be approved by more than two-thirds of the Board at the Board meeting, and independent directors shall provide independent opinion. The proposal for amendment of profit distribution policies shall be approved by more than two-thirds of the voting rights held by the shareholders attending the shareholders' general meeting.

When considering amendment of profit distribution policies, especially profit distribution in cash, the Board shall fully listen to the opinion of shareholders (especially minority shareholders of the Company), independent directors and supervisors.

- (8) The Company's shareholders, independent directors and supervisory committee shall supervise the execution progress and decision-making procedures of the Company's profit distribution policies executed by the Board and management.
- (9) During the implementation of profit distribution proposal, if there is any misappropriation of the Company's capital by any shareholder of the Company, the Company shall deduct the cash dividends allocated to such shareholder in order to repay the amount of misappropriated capital.
- (10) With respect to executing the right to confiscating unclaimed dividends, the right cannot be executed until the relevant effective period expires.

- (11) When formulating, considering and executing a specific profit distribution proposal, the Board shall comply with profit distribution policies as stipulated in applicable laws, administrative regulations, administrative rules of governmental departments, regulatory documents and the provisions of the Articles of Association.
- (12) The Company shall disclose the execution status of distribution proposal and cash dividend distribution policies in its regular reports and indicate if it is compliant with laws and regulations.

#### **IV. OTHERS**

The Profit Distribution and Return Plan shall be interpreted by the Board and become effective after being considered and approved at the shareholders' general meeting.

- (1) Any matters not stated in the Profit Distribution and Return Plan shall be executed pursuant to the relevant laws, regulations, rules, regulatory documents and the Articles of Association.
- (2) This Profit Distribution and Return Plan and its amendments shall become effective after being considered and approved at the shareholders' general meeting of the Company.
- (3) This Profit Distribution and Return Plan shall be interpreted by the Board.

\* *The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.

**Zijin Mining Group Co., Ltd.\*****Proposal in relation to the Satisfaction of the Conditions for the Public Issuance of  
A Share Convertible Corporate Bonds of the Company**

To all Shareholders,

For the purpose of maintaining sustainable and stable development, securing the smooth implementation of project plans and broadening the financing channels of the Company, Zijin Mining Group Co., Ltd.\* (the “Company”) proposed to apply for public issuance (the “Issuance” or “Public Issuance”) of Renminbi-denominated ordinary share (A Share) convertible corporate bonds (the “A Share Convertible Corporate Bonds”) in the People’s Republic of China (the “PRC”).

Pursuant to the Company Law of the PRC (2018 Amendments) (the “Company Law”), the Securities Law of the PRC (2019 Amendments) (the “Securities Law”), the Administrative Measures on the Issuance of Securities by Listed Companies (2020 Amendments) (the “Administrative Measures”) and Detailed Implementing Rules of the Shanghai Stock Exchange for the Issuance of Convertible Corporate Bonds by Listed Companies (2018 Amendments) (Shang Zheng Fa (2018) No. 115) issued by the China Securities Regulatory Commission (the “CSRC”) and other relevant laws, regulations and regulatory documents, the board of directors of the Company (the “Board”) has conducted examination item by item and careful verification on the Company’s actual status and the relevant issues in accordance with the relevant qualifications and conditions for public issuance of A Share convertible corporate bonds of listed companies. The Board considered that the Company meets the provisions and requirements for listed companies’ public issuance of A Share convertible corporate bonds according to the stipulations in the relevant laws, regulations and regulatory documents, and the Company has the qualification for Public Issuance of A Share Convertible Corporate Bonds. Details are as follows:

**I. THE COMPANY’S ORGANISATION IS SOUND AND WELL-FUNCTIONING**

- (1) The Company’s articles of association is legitimate and valid, and the shareholders’ general meeting, the Board, the supervisory committee and the independent directors are in a sound system and can perform their duties effectively according to law;
- (2) The Company’s internal control system is sound, which can effectively guarantee the efficiency of the Company’s operation, legal compliance and the reliability of financial statements; there is no material defect in the completeness, rationality and effectiveness of the Company’s internal control system;

- (3) The current directors, supervisors and senior management of the Company are qualified to perform their duties faithfully and diligently. They are not in violation of articles 147 and 148 of the Company Law, have not received any administrative punishment from the CSRC in the last 36 months, and have not been publicly censured by stock exchanges in the last 12 months;
- (4) The personnel, assets and finance of the Company are separated from those of the controlling shareholder or actual controller. The Company's organisations and business are independent, and they are under independent operation and self-management;
- (5) The Company has not provided guarantees for external parties which are in violation of any regulation in the last 12 months.

## **II. THE COMPANY'S PROFITABILITY IS SUSTAINABLE**

- (1) The Company has recorded profit continuously for the most recent three financial years (based on the lower of net profits before and after non-recurring profit or loss);
- (2) The Company's business and sources of profit are relatively stable, and there is no heavy dependence on the controlling shareholder or actual controller;
- (3) The Company's current main business or investment direction are sustainable, with stable business model and investment plan, good market prospects of major products or services, and there are no realistic or foreseeable material adverse changes in the operating environment of the industry and market demand;
- (4) The Company's senior management and core technical personnel are stable, and no material adverse changes have occurred in the last 12 months;
- (5) The Company's major assets, core technologies or other material interests are obtained in a legitimate manner and can be used continuously. There are no realistic or foreseeable material adverse changes;
- (6) There are no guarantees, litigations, arbitrations or other significant matters which may seriously affect the Company's continuing operations;
- (7) The Company publicly issued securities in November 2019 (i.e., within the last 24 months) and there was no decrease of operating profit by 50% during the year of issuance compared with the previous year.

**III. THE COMPANY HAS A GOOD FINANCIAL POSITION**

- (1) The Company's basic accounting work is regulated and in strict compliance with the uniform accounting system of the PRC;
- (2) With respect to the financial statements for the most recent three years, no certified public accountant has issued an auditor's report with qualified opinion, adverse opinion or disclaimer of opinion, and no certified public accountant has issued an unqualified auditor's report with emphasis of matters;
- (3) The Company's assets are of good quality and there are no non-performing assets that have a material adverse effect on the Company's financial position;
- (4) The Company's business outcomes are genuine and its cash flows are normal. It has strictly complied with the relevant accounting standards for business enterprises of the PRC to account for its operating income, costs and expenses. It has made adequate and reasonable provisions for impairment on assets in the recent three years, and there is no manipulation of operating results;
- (5) The accumulated amount of profits distributed in cash in the most recent three years are not less than 30% of the average annual distributable profits realised in the most recent three years.

**IV. THE COMPANY HAS MADE NO FALSE STATEMENT IN ITS FINANCIAL AND ACCOUNTING DOCUMENTS WITHIN THE LAST 36 MONTHS AND HAS NOT COMMITTED ANY OF THE FOLLOWING SERIOUS ILLEGAL ACTS:**

- (1) Violation of securities laws, administrative regulations or rules which leads to administrative penalties from the CSRC or criminal punishment;
- (2) Violation of industrial and commercial regulations, tax law, land rules, environmental protection regulations, customs law, administrative regulations or rules which leads to administrative penalties in serious nature or criminal punishment;
- (3) Violation of other laws and administrative regulations of the PRC in serious nature.



**V. THE AMOUNT AND USE OF THE PROCEEDS RAISED BY THE COMPANY ARE  
IN COMPLIANCE WITH THE REGULATIONS**

- (1) The amount of proceeds raised does not exceed the amount required for the projects;
- (2) The use of proceeds raised is in compliance with national industrial policies, relevant laws and administrative regulations on environmental protection, land management, etc.;
- (3) The projects to be invested by the proceeds raised will not hold any held for trading financial asset or available-for-sale investment, will not be used for lending to other parties, will not involve in entrusted wealth management or other financial investments, and will not be directly or indirectly invested in any company principally engaging in buying and selling of marketable securities;
- (4) The implementation of the projects to be invested by the proceeds raised will neither lead to competition within the same industry with controlling shareholder or actual controller, nor affect the independence of the Company's production and operation;
- (5) The Company has established a system for specific deposit of proceeds raised, and the proceeds raised will be deposited in the special accounts assigned by the Board.

**VI. THE COMPANY DOES NOT HAVE ANY OF THE FOLLOWING  
CIRCUMSTANCES:**

- (1) The application documents for the Issuance contain any false or misleading statements or material omissions;
- (2) Proceeds raised are not used in accordance with the purpose of fund raising set out in the offering documents, or unauthorised change in the use of proceeds raised from previous public issuance of securities which is not corrected nor approved at the shareholders' general meeting;
- (3) The Company has been publicly censured by stock exchanges in the most recent 12 months;
- (4) The Company and its controlling shareholder or actual controller failed to fulfill the undertakings publicly made to investors in the most recent 12 months;
- (5) The Company, its current directors and senior management have been the subject of any investigation by the judicial authority due to any suspected criminal offense or any investigation by the CSRC due to any suspected violation of laws and regulations;

- (6) Other circumstances where the legitimate rights and interests of investors and public interests are severely impaired.

**VII. THE COMPANY MEETS THE FOLLOWING REQUIREMENTS:**

- (1) The weighted average return on net assets for the most recent three financial years (based on the lower of net profits before and after non-recurring profit or loss) was not lower than 6%;
- (2) The accumulated outstanding amount of the Company's bonds after the Issuance will not exceed 40% of the amount of net assets as at the end of the most recent financial period;
- (3) The amount of annual average distributable profit realised in the most recent three financial years is not lower than the amount of bond interest of the Company for one year.

**VIII. THE COMPANY HAS NO VIOLATION OF THE FOLLOWING REQUIREMENTS:**

- (1) Default of publicly issued corporate bonds or other debts or delay in payment of principals and interests and the default/delay is still on-going;
- (2) Violation of the provisions of the Securities Law and change in the use of proceeds raised from public issuance of the Company's bonds.

The aforesaid proposal has been considered and approved at the twelfth extraordinary meeting in 2020 of the seventh term of the Board and is hereby tabled to the shareholders' general meeting for consideration.

Zijin Mining Group Co., Ltd.\*  
Board of Directors  
4 July 2020

\* *The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.

**Zijin Mining Group Co., Ltd.\*****Proposal in relation to Provision of Guarantee for Financing to Gold Mountains  
(H.K.) International Mining Company Limited**

To all Shareholders,

In order to optimise financing conditions and lower financing costs, Zijin Mining Group Co., Ltd.\* (the “Company”) proposed to apply through Gold Mountains (H.K.) International Mining Company Limited (“Gold Mountains (H.K.)”), its overseas subsidiary, for bank facilities not exceeding USD800 million from financial institutions in order to satisfy the capital requirements for substitution of syndicated facilities, overseas construction projects, production and operation, etc.

The Proposal in relation to the Arrangement of Guarantees to the Company’s Subsidiaries, Joint Ventures and Associate for the Year 2020 (the “Arrangement of Guarantees”) was considered and approved at the 2019 annual general meeting of the Company convened on 12 June 2020, in which, the guarantee amount to be provided by the Company to Gold Mountains (H.K.) is USD800 million. The guarantee to be provided to Gold Mountains (H.K.) this time (the “Guarantee”) represents a new guarantee amount.

As the amount of the Guarantee exceeds 10% of the Company’s audited net assets for the most recent financial period, if the amount of the Guarantee is included in the Arrangement of Guarantees, the Company’s total guarantee amount will equal to or exceed 50% of the Company’s audited net assets or 30% of the Company’s audited total assets for the most recent financial period. The Guarantee is required to be tabled to the shareholders’ general meeting for consideration after being considered and approved by the board of directors of the Company (the “Board”). Ms. Lin Hongying, a director and vice-president of the Company, will be authorised to handle matters relating to the Guarantee after the shareholders’ general meeting has considered and approved the proposal.

At present, the outstanding balance of the guarantee provided by the Company to Gold Mountains (H.K.) is USD1.718 billion.

**I. BASIC INFORMATION OF THE GUARANTEED ENTITY**

Company name: Gold Mountains (H.K.) International Mining Company Limited

Registered address: Unit 7503A, Level 75, International Commerce Centre, 1 Austin  
Road West, Kowloon, Hong Kong

Registered capital: HKD22,286,875,426

Scope of business: Investment and trading

Gold Mountains (H.K.) is an important platform of the Company for overseas investment, financing and operation.

As at 31 December 2019, on consolidation basis, Gold Mountains (H.K.) had total assets of RMB53.56566 billion, total liabilities of RMB28.55637 billion (including current liabilities of RMB8.86792 billion), net assets of RMB25.00929 billion and the debt-to-asset ratio was 53.31%. The sales revenue and net profit realised for the year ended 31 December 2019 were RMB20.13657 billion and RMB1.13699 billion respectively (the above financial figures are unaudited).

As at 31 March 2020, on consolidation basis, Gold Mountains (H.K.) had total assets of RMB74.49145 billion, total liabilities of RMB41.40941 billion (including current liabilities of RMB8.60598 billion), net assets of RMB33.08204 billion and the debt-to-asset ratio was 55.59%. The sales revenue and net profit realised for the first quarter of 2020 were RMB4.08662 billion and RMB0.55162 billion respectively (the above financial figures are unaudited).

## **II. MAJOR CONTENTS OF THE GUARANTEE**

Gold Mountains (H.K.) proposed to apply for bank facilities not exceeding USD800 million from financial institutions in order to satisfy the capital requirements for substitution of syndicated facilities, overseas construction projects, production and operation, etc. The Company will provide the Guarantee for the abovementioned financing within the limit of the abovementioned Guarantee amount. The Guarantee period will not exceed 6 years. The effective period of the Guarantee is from the date the proposal has been approved at the shareholders' general meeting to the convention date of the annual general meeting for the next year. The Guarantee can be used on a revolving basis within the limit of the abovementioned Guarantee amount.

## **III. OPINION OF THE BOARD**

The Board is of the view that the Guarantee will be provided after comprehensive consideration of the business development needs of the guaranteed entity, which will be beneficial to optimising financing conditions and lowering financing costs, and is in line with the actual operation and overall development strategy of the Company. The guaranteed entity is a wholly-owned subsidiary of the Company, and therefore the overall risk of the Guarantee is controllable.

**IV. THE ACCUMULATED AMOUNTS OF GUARANTEES AND OVERDUE  
GUARANTEES PROVIDED BY THE COMPANY**

As at the date of the announcement, the accumulated total amount of guarantees (including the guarantees provided to the Company's wholly-owned and non-wholly owned subsidiaries) actually provided by the Company (including guarantees provided to the Company's wholly-owned and non-wholly owned subsidiaries from the Company, its wholly-owned and non-wholly owned subsidiaries on a guaranteed amount of RMB657 million for the financing provided by Zijin Finance Co., Ltd.) was RMB21.45430 billion, representing approximately 41.91% of the audited net assets of the Company as at the end of 2019. There is no overdue guarantee.

The aforesaid proposal has been considered and approved at the fifteenth extraordinary meeting in 2020 of the seventh term of the Board and is hereby tabled to the shareholders' general meeting for the Shareholders' consideration.

Zijin Mining Group Co., Ltd.\*  
Board of Directors  
4 July 2020

\* *The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.

**Zijin Mining Group Co., Ltd.\*****Proposal in relation to Provision of Guarantees for  
Financing for Acquisition and Construction of Julong Copper**

To all Shareholders,

In order to satisfy the capital requirement for acquisition of 50.1% equity interest in Tibet Julong Copper Co., Ltd. (“Julong Copper”), Tibet Zijin Industrial Co., Ltd. (“Tibet Zijin”), a wholly-owned subsidiary of Zijin Mining Group Co., Ltd.\* (the “Company”), proposed to apply for syndicated facilities for acquisition from financial institutions of an amount not exceeding RMB2.3 billion, which will be guaranteed by the Company.

Julong Copper proposed to apply for syndicated facilities from financial institutions of an amount not exceeding RMB10.5 billion for the purpose of substitution of syndicated facilities at the initial stage and constructions of phase 1 project, in which the Company will provide guarantee for the portion of facilities not exceeding RMB5.5 billion. According to the Proposal in relation to Financing Plan of Julong Copper considered and approved at the first shareholders’ general meeting in 2020 of Julong Copper, other shareholders of Julong Copper will provide counter-guarantee for the abovementioned guarantee to be provided by the Company on a pro-rata basis according to their respective shareholding proportion. If the counter-guarantee cannot be provided, Julong Copper shall pay to the Company guarantee charges based on an annual interest rate of 1.5% on the actual guarantee amount.

The guarantee amount to be provided to Julong Copper exceeds 10% of the Company’s audited net assets for the most recent financial period and the debt-to-asset ratio of Julong Copper exceeds 70%. Besides, if the amount of guarantees to be provided to Tibet Zijin and Julong Copper is added to the guarantee amount to the Company’s subsidiaries, joint ventures and associate for the year 2020, the Company’s total guarantee amount will equal to or exceed 50% of the Company’s audited net assets or 30% of the Company’s audited total assets for the most recent financial period. Therefore, the two guarantees are required to be tabled to the shareholders’ general meeting for consideration after being considered and approved by the board of directors of the Company (the “Board”). Ms. Lin Hongying, a director and vice-president of the Company, will be authorised to handle matters relating to the guarantees after the shareholders’ general meeting has considered and approved the proposal.

**I. BASIC INFORMATION OF THE GUARANTEED ENTITIES****(1) Tibet Zijin Industrial Co., Ltd.**

Company name: Tibet Zijin Industrial Co., Ltd.

Registered address: Room 1416, Headquarters Economic Base Building, No. 5 Gesang Road, Lhasa Economic and Technological Development Zone

Legal representative: Wu Jianhui

Registered capital: RMB2 billion

Scope of business: Mine geological and technological services, mineral resource information consultancy services, sales of mineral products, import and export trading, etc.

Tibet Zijin is a wholly-owned subsidiary of the Company newly established in May 2020. As at 30 June 2020, the registered capital of RMB2 billion was fully paid-in.

**(2) Tibet Julong Copper Co., Ltd.**

Company name: Tibet Julong Copper Co., Ltd.

Registered address: No. 28 Kunggar Town, Maizhokunggar County

Legal representative: Wu Jianhui

Registered capital: RMB3.51980 billion

Scope of business: Sales of mineral products, mining, selecting, refining, processing, sales and services of non-ferrous metals, precious and rare metals and non-metal products; refining, calendaring, fine processing and sales of non-ferrous metals, rare and precious metals and relating by-products, etc.

Shareholding structure: As at 30 June 2020, Tibet Zijin, Zangge Holding Limited by Share Ltd, Tibet Shengyuan Mining Group Corporation, Tibet Maizhokunggar Dapu Industrial and Trading Co., Ltd. owned 43.88%, 37%, 10.12% and 9.00% equity interest in Julong Copper respectively.

As at 31 December 2019, the total assets of Julong Copper was RMB11.5637318 billion; the total liabilities was RMB9.6173444 billion (in which current liabilities was RMB3.4480233 billion); the net assets was RMB1.9463874 billion; and the debt-to-asset ratio was 84.16%. The sales income and net profit realised for the year 2019 were RMB521.6 thousand and -RMB369.6420 million respectively (the abovementioned financial figures are audited).

As at 31 March 2020, the total assets of Julong Copper was RMB11.5577306 billion; the total liabilities was RMB9.6149485 billion (in which the current liabilities was RMB3.4456274 billion); the net assets was RMB1.9427821 billion; and the debt-to-asset ratio was 83.19%. The sales income and net profit realised for the first quarter of 2020 were RMB0 and -RMB3.2926 million respectively (the abovementioned financial figures are unaudited).

**II. MAJOR CONTENTS OF THE GUARANTEES**

Tibet Zijin proposed to apply for syndicated facilities for acquisition from financial institutions of an amount not exceeding RMB2.3 billion for acquisition of 50.1% equity interest in Julong Copper, which will be guaranteed by the Company, and the guarantee period will not exceed 7 years.

Julong Copper proposed to apply for syndicated facilities from financial institutions of an amount not exceeding RMB10.5 billion for the purpose of substitution of syndicated facilities at the initial stage and constructions of phase 1 project. The Company will provide guarantee for the portion of facilities not exceeding RMB5.5 billion for a guarantee period not exceeding 12 years. Other shareholders of Julong Copper will provide counter-guarantee for the abovementioned guarantee to be provided by the Company on a pro-rata basis according to their respective shareholding proportion. If the counter-guarantee cannot be provided, Julong Copper shall pay to the Company guarantee charges.

**III. OPINION OF THE BOARD**

The Board is of the view that the guarantees will be provided after comprehensive consideration of the business development needs of Tibet Zijin and Julong Copper, which are in line with the actual operation and overall development strategy of the Company. In addition, Tibet Zijin is a wholly-owned subsidiary of the Company, and Julong Copper will become a subsidiary of the Company after completion of the Company's acquisition of 50.1% equity interest in Julong Copper. Therefore, the overall risk of the guarantees is controllable.

**IV. THE ACCUMULATED AMOUNTS OF GUARANTEES AND OVERDUE GUARANTEES PROVIDED BY THE COMPANY**

As at the date of the announcement, the accumulated total amount of guarantees (including the guarantees provided to the Company's wholly-owned and non-wholly owned subsidiaries) actually provided by the Company (including guarantees provided to the Company's wholly-owned and non-wholly owned subsidiaries from the Company, its wholly-owned and non-wholly owned subsidiaries on a guaranteed amount of RMB657 million for the financing provided by Zijin Finance Co., Ltd.) was RMB21.45430 billion, representing approximately 41.91% of the audited net assets of the Company as at the end of 2019. There is no overdue guarantee.



The aforesaid proposal has been considered and approved at the fifteenth extraordinary meeting in 2020 of the seventh term of the Board and is hereby tabled to the shareholders' general meeting for the Shareholders' consideration.

Zijin Mining Group Co., Ltd.\*  
Board of Directors  
4 July 2020

\* *The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.

## 1. DISCLOSURE OF INTERESTS

## (a) Interests and short positions of the Directors, Supervisors and chief executive under Hong Kong laws and regulations

As at the Latest Practicable Date, the interests and short positions of the Directors, Supervisors and chief executive of the Company in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors, Supervisors and chief executive are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, to be notified to the Company and the Hong Kong Stock Exchange are as follows:

Name	Position	Class of Shares	Long/short position	Capacity	Number of Shares	Approximate percentage of the relevant class of issued Shares	Approximate percentage of all the issued Shares
						(%)	(%)
Chen Jinghe	Director	A Share	Long	Beneficial owner	112,050,000	0.57%	0.44%
		H Share	Long	Beneficial owner	15,000,000	0.26%	0.06%
		Total	Long	Beneficial owner	127,050,000		0.50%
Lan Fusheng	Director	A Share	Long	Beneficial owner	7,730,510	0.04%	0.03%
Zou Laichang	Director	A Share	Long	Beneficial owner	1,623,050	0.01%	0.01%
Lin Hongfu	Director	A Share	Long	Beneficial owner	978,938	0.01%	0.01%
Lin Hongying	Director	A Share	Long	Beneficial owner	227,000	0.01%	0.01%
Xie Xionghui	Director	A Share	Long	Beneficial owner	149,000	0.01%	0.01%
Lin Shuiqing	Supervisor	A Share	Long	Beneficial owner	300,000	0.01%	0.01%
Liu Wenhong	Supervisor	A Share	Long	Beneficial owner	26,450	0.01%	0.01%
		H Share	Long	Beneficial owner	10,000	0.01%	0.01%
		Total	Long	Beneficial owner	36,450		0.01%
Cao Sanxing	Supervisor	A Share	Long	Beneficial owner	124,000	0.01%	0.01%

**(b) Directors' and Supervisors' positions in other companies**

As at the Latest Practicable Date, as far as the Company is aware, the following Director(s) and Supervisor(s) are employed by the following company which has interests or short positions in the Shares or underlying Shares of the Company which are required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO:

<b>Name of Director</b>	<b>Position held in the specific company</b>
Li Jian	The chairman of Minxi Xinghang

**(c) Substantial Shareholders' and other persons' interests and short positions in the Shares and underlying Shares under Hong Kong laws and regulations**

As at the Latest Practicable Date, as far as the Company is aware, the following persons (other than the Directors, Supervisors and chief executive (as defined in the Listing Rules) of the Company) had interests and short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

<b>Name of shareholder</b>	<b>Class of Shares</b>	<b>Long/short position</b>	<b>Capacity</b>	<b>Number of Shares</b>	<b>Approximate percentage of the relevant class of issued Shares (%)</b>	<b>Approximate percentage of all the issued Shares (%)</b>
Minxi Xinghang	A Share	Long	Beneficial owner	6,083,517,704	30.97%	23.97%
BlackRock, Inc.	H Share	Long	Interest of controlled corporation	351,691,351 (Note 1)	6.13%	1.39%
		Short	Interest of controlled corporation	278,000 (Note 1)	0.01%	0.01%
VanEck Vectors ETF – VanEck Vectors Gold Miners ETF	H Share	Long	Beneficial owner	343,158,000	5.98%	1.35%
Van Eck Associates Corporation	H Share	Long	Investment manager	341,783,161 (Note 2)	5.96%	1.35%

Note 1: BlackRock, Inc. had a long position in 351,691,351 H Shares (in which 3,502,000 H Shares were held through cash settled unlisted derivatives) and a short position in 278,000 H Shares (in which 278,000 H Shares were held through cash settled unlisted derivatives) of the Company by virtue of its direct or indirect control over a number of wholly-owned and non-wholly owned subsidiaries.

Note 2: VanEck Vectors ETF – VanEck Vectors Gold Miners ETF is managed by Van Eck Associates Corporation. Van Eck Associates Corporation is deemed to be interested in 341,783,161 H Shares (long position) of the Company.

Save as disclosed above, the Company is not aware of any other person (other than the Directors, Supervisors and chief executive (as defined in the Listing Rules) of the Company) having any interests or short positions in the Shares and underlying Shares of the Company as at the Latest Practicable Date as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

## **2. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or their respective close associates had engaged in or had any interest in any business which competes or may compete, either directly or indirectly, with the businesses of the Group.

## **3. DIRECTORS' AND SUPERVISORS' INTERESTS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP**

As at the Latest Practicable Date, none of the Directors or Supervisors had any direct or indirect interest in any assets which had since 31 December 2019, being the date to which the latest published audited accounts of the Group were made up, been acquired or disposed of by or leased to any member of the Group or is proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or Supervisors was materially interested, either directly or indirectly, in any contract or arrangement entered into by any member of the Group which was subsisting at the Latest Practicable Date and was significant to the business of the Group.

## **4. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors or Supervisors had entered into a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

## **5. EXPERT AND CONSENT**

Messis Capital Limited has given and has not withdrawn its consent to the issue of this circular with the inclusion herein of its letter dated 4 July 2020, and references to its name included in the form and context in which it appears.

The following is the qualification of the expert who has given an opinion or advice, which is contained in this circular:

<b>Name</b>	<b>Qualification</b>
Messis Capital Limited	a licensed corporation to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO

As at the Latest Practicable Date, Mesis Capital Limited did not have any shareholding, directly or indirectly, in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Mesis Capital Limited was not interested, directly or indirectly, in any assets which had since 31 December 2019, being the date to which the latest published audited accounts of the Group were made up, been acquired or disposed of by or leased to, or proposed to be acquired or disposed of by or leased to, any member of the Group.

## **6. MATERIAL ADVERSE CHANGE**

Save as publicly disclosed by the Company on the HKExnews website on or before the date of this circular, as at the Latest Practicable Date, the Directors confirmed that they were not aware of any material adverse change in the financial or trading positions of the Group since 31 December 2019, being the date to which the latest published audited accounts of the Group were made up.

## **7. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of this circular will be available for inspection during normal business hours from 9 a.m. to 5 p.m. on any business day (except Saturdays, Sundays and public holidays) at the Company's principal place of business in Hong Kong at Unit 7503A, Level 75, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong from the date of this circular up to and including 20 July 2020 (both days inclusive) and at the EGM.

- (a) the letter from the Independent Board Committee dated 4 July 2020, the text of which is set out on pages 33 to 34 of this circular;
- (b) the letter from the Independent Financial Adviser dated 4 July 2020, the text of which is set out on pages 35 to 65 of this circular;
- (c) the consent letter from Mesis Capital Limited referred to in the paragraph headed "Expert and Consent" in this Appendix; and
- (d) this circular.

**8. GENERAL**

- (a) The registered office of the Company is at No. 1 Zijin Road, Shanghang County, Fujian Province, the PRC.
- (b) The H Share Registrar, Computershare Hong Kong Investor Services Limited is situated at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

Should there be any discrepancy, the Chinese text of this appendix shall prevail over its English text.

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## NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING IN 2020

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**Zijin Mining Group Co., Ltd.\***  
**紫金礦業集團股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock code: 2899)**

### **Notice of the Second Extraordinary General Meeting in 2020**

**NOTICE IS HEREBY GIVEN THAT** the second extraordinary general meeting in 2020 (the “**EGM**”) of Zijin Mining Group Co., Ltd.\* (the “**Company**”) will be held at 9 a.m. on Monday, 20 July 2020, at the conference room at 41/F., Tower B, Zhonghang Zijin Plaza, No. 1811 Huandao Road East, Siming District, Xiamen City, Fujian Province, the People's Republic of China (the “**PRC**”) to consider, approve and authorise the following matters:

#### **RESOLUTIONS**

1. Ordinary Resolution: “To consider and approve the proposal in relation to the satisfaction of the conditions for the public issuance of A Share Convertible Corporate Bonds of the Company”;
2. Special Resolution: “To consider and approve the Proposal on the Public Issuance of A Share Convertible Corporate Bonds for the Year 2020 of the Company” (the following resolutions to be voted item by item);
  - 2.01 Type of securities to be issued;
  - 2.02 Size of the issuance;
  - 2.03 Par value and issue price;
  - 2.04 Term of the A Share Convertible Corporate Bonds;
  - 2.05 Coupon rate of the A Share Convertible Corporate Bonds;
  - 2.06 Timing and method of repayment of principal and interest payment;

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## NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING IN 2020

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- 2.07 Conversion period;
- 2.08 Determination and adjustment of the conversion price;
- 2.09 Terms of downward adjustment to conversion price;
- 2.10 Method for determining the number of A Shares for conversion and treatment for remaining balance of the A Share Convertible Corporate Bonds which is insufficient to be converted into one A Share;
- 2.11 Terms of redemption;
- 2.12 Terms of sale back;
- 2.13 Entitlement to dividend in the year of conversion;
- 2.14 Method of the issuance and target subscribers;
- 2.15 Subscription arrangement for the existing A Shareholders;
- 2.16 Relevant matters of bondholders' meetings;
- 2.17 Use of proceeds;
- 2.18 Rating;
- 2.19 Management and deposit for proceeds raised;
- 2.20 Guarantee and security;
- 2.21 Validity period of the resolution of the issuance;
- 3. Special Resolution: "To consider and approve the Plan of the Public Issuance of A Share Convertible Corporate Bonds of the Company";
- 4. Ordinary Resolution: "To consider and approve the Feasibility Report on the Use of Proceeds Raised in the Public Issuance of A Share Convertible Corporate Bonds of the Company";
- 5. Ordinary Resolution: "To consider and approve the proposal in relation to reports on the use of proceeds previously raised" (the following resolutions to be voted item by item);
  - 5.01 Specific report on the use of proceeds previously raised of the Company (as at 31 December 2019);



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## NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING IN 2020

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5.02 Specific report on the use of proceeds previously raised of the Company (as at 31 March 2020);

6. Ordinary Resolution: “To consider and approve the proposal in relation to recovery measures and undertakings by relevant parties in relation to dilutive impact on immediate returns of the public issuance of A Share Convertible Corporate Bonds of the Company”;
7. Special Resolution: “To consider and approve the Profit Distribution and Return Plan for the Next Three Years (Year 2020-2022) of the Company”;
8. Ordinary Resolution: “To consider and approve the proposal in relation to formulation of Rules for A Share Convertible Corporate Bondholders’ Meetings of the Company”;
9. Special Resolution: “To consider and approve the proposal in relation to the possible connected transactions of subscriptions of A Share Convertible Corporate Bonds under the public issuance by the substantial shareholder, directors and supervisors and/or the directors under the Employee Stock Ownership Scheme”;
10. Special Resolution: “To consider and approve the proposal in relation to the authorisation to the board of directors or its authorised persons to handle all the matters relating to the public issuance of A Share Convertible Corporate Bonds of the Company”;
11. Special Resolution: “To consider and approve the proposal in relation to provision of guarantee for financing to Gold Mountains (H.K.) International Mining Company Limited”; and
12. Special Resolution: “To consider and approve the proposal in relation to provision of guarantees for financing for acquisition and construction of Julong Copper.

By order of the Board of Directors  
**Zijin Mining Group Co., Ltd.\***  
**Chen Jinghe**  
*Chairman*

4 July 2020, Fujian, the PRC

## NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING IN 2020

*Notes:*

- (A) **The Company's register of H Shares members will be closed from 15 July 2020 (Wednesday) to 20 July 2020 (Monday) (both days inclusive), during such period no transfer of H Shares will be registered. Holders of H Shares whose names appear on the H Share register of members on 20 July 2020 (Monday, being the record date) will be entitled to attend and vote at the EGM to be convened on 20 July 2020 (Monday) at the conference room at 41/F., Tower B, Zhonghang Zijin Plaza, No. 1811 Huandao Road East, Siming District, Xiamen City, Fujian Province, the PRC. In order to be qualified for attending and voting at the EGM, all documents on transfers of H Shares must be lodged with the Registrar of H Shares of the Company no later than 4:30 p.m. on 14 July 2020 (Tuesday).**

The address of the Hong Kong Registrar of H Shares is:

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716,  
17th Floor, Hopewell Centre,  
183 Queen's Road East,  
Wanchai,  
Hong Kong

- (B) Holders of H Shares who intend to attend the EGM must complete and return the reply slip in writing to the Secretariat of the Board of Directors or Registrar of H Shares of the Company – Computershare Hong Kong Investor Services Limited, the address is: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 15 July 2020 (Wednesday).

Details of the office of the Secretariat of the Board of Directors are as follows:

41/F., Tower B, Zhonghang Zijin Plaza,  
No. 1811 Huandao Road East, Siming District,  
Xiamen City, Fujian Province,  
People's Republic of China  
Tel: (86)592-2933653  
Fax: (86)592-2933580

- (C) Holders of H Shares who have the right to attend and vote at the EGM are entitled to appoint one or more proxies (whether or not a member) in writing to attend and vote on their behalf. For those shareholders who appoint more than one proxy, such proxies can only exercise their voting rights by way of polls.
- (D) The instrument appointing a proxy must be in writing and signed by the appointer or his attorney duly authorised in writing. In the event that such instrument is signed by an attorney of the appointer, an authorisation instrument that authorises such signatory shall be notarised.
- (E) To be valid, the proxy form (and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, then together with such power of attorney or other authority) must be deposited at the Registrar of H Shares of the Company – Computershare Hong Kong Investor Services Limited no later than 24 hours before the specified time for the holding of the EGM (i.e. no later than 9 a.m. on Sunday, 19 July 2020, Hong Kong time). The address is: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (F) If a proxy is appointed to attend the EGM on behalf of a shareholder, the proxy must indicate its identification document and the authorisation instrument with the date of issue and duly signed by the proxy and its legal representative, and in the case of legal representative of legal person shareholders, such legal representative must show its own identification document and valid document to identify its identity as legal representative. If a legal person shareholder appoints a company's representative other than its legal representative to attend the EGM, such representative must show its own identification document and the authorisation instrument bearing the company chop of the legal person shareholder and duly signed by its legal representative.
- (G) Completion and delivery of the proxy form will not preclude a holder of H Shares from attending and voting in person at the EGM if he/she so wishes.
- (H) The EGM is expected to last for a half day, and shareholders attending the EGM will be responsible for their own travelling and accommodation expenses.

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## NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING IN 2020

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### EXPECTED TIMETABLE

	<i>Year 2020 (Note)</i>
Latest time for lodging transfer of shares	14 July (Tuesday) 4:30 p.m.
Book closure period (both days inclusive)	15 July (Wednesday) to 20 July (Monday)
Record date	20 July (Monday)
EGM	20 July (Monday)
Announcement on results of the EGM	20 July (Monday)
Register of members re-opens	21 July (Tuesday)

*Note: All times refer to Hong Kong local times.*

*As at the date of this notice, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Lan Fusheng, Zou Laichang, Lin Hongfu, Ms. Lin Hongying and Mister Xie Xionghui as executive directors, Mister Li Jian as non-executive director, and Messrs. Zhu Guang, Mao Jingwen, Li Changqing, He Fulong and Suen Man Tak as independent non-executive directors.*

\* *The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this notice shall prevail over its English text.

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## NOTICE OF THE SECOND H SHAREHOLDERS' CLASS MEETING IN 2020

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**Zijin Mining Group Co., Ltd.\***

**紫金礦業集團股份有限公司**

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock code: 2899)**

### **Notice of the Second H Shareholders' Class Meeting in 2020**

**NOTICE IS HEREBY GIVEN THAT** the second H Shareholders' class meeting in 2020 (the **"Second H Shareholders' Class Meeting"**) of Zijin Mining Group Co., Ltd.\* (the **"Company"**) will be held at 10:30 a.m. on Monday, 20 July 2020, at the conference room at 41/F., Tower B, Zhonghang Zijin Plaza, No. 1811 Huandao Road East, Siming District, Xiamen City, Fujian Province, the People's Republic of China (the **"PRC"**) to consider, approve and authorise the following matters:

#### **SPECIAL RESOLUTIONS**

1. To consider and approve the Proposal on the Public Issuance of A Share Convertible Corporate Bonds for the Year 2020 of the Company (the following resolutions to be voted item by item);
  - 1.01 Type of securities to be issued;
  - 1.02 Size of the issuance;
  - 1.03 Par value and issue price;
  - 1.04 Term of the A Share Convertible Corporate Bonds;
  - 1.05 Coupon rate of the A Share Convertible Corporate Bonds;
  - 1.06 Timing and method of repayment of principal and interest payment;
  - 1.07 Conversion period;
  - 1.08 Determination and adjustment of the conversion price;

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## NOTICE OF THE SECOND H SHAREHOLDERS' CLASS MEETING IN 2020

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- 1.09 Terms of downward adjustment to conversion price;
- 1.10 Method for determining the number of A Shares for conversion and treatment for remaining balance of the A Share Convertible Corporate Bonds which is insufficient to be converted into one A Share;
- 1.11 Terms of redemption;
- 1.12 Terms of sale back;
- 1.13 Entitlement to dividend in the year of conversion;
- 1.14 Method of the issuance and target subscribers;
- 1.15 Subscription arrangement for the existing A Shareholders;
- 1.16 Relevant matters of bondholders' meetings;
- 1.17 Use of proceeds;
- 1.18 Rating;
- 1.19 Management and deposit for proceeds raised;
- 1.20 Guarantee and security;
- 1.21 Validity period of the resolution of the issuance;
- 2. To consider and approve the Plan of the Public Issuance of A Share Convertible Corporate Bonds of the Company; and
- 3. To consider and approve the proposal in relation to the authorisation to the board of directors or its authorised persons to handle all the matters relating to the public issuance of A Share Convertible Corporate Bonds of the Company.

By order of the Board of Directors  
**Zijin Mining Group Co., Ltd.\***  
**Chen Jinghe**  
*Chairman*

4 July 2020, Fujian, the PRC

## NOTICE OF THE SECOND H SHAREHOLDERS' CLASS MEETING IN 2020

*Notes:*

- (A) **The Company's register of H Shares members will be closed from 15 July 2020 (Wednesday) to 20 July 2020 (Monday) (both days inclusive), during such period no transfer of H Shares will be registered. Holders of H Shares whose names appear on the H Share register of members on 20 July 2020 (Monday, being the record date) will be entitled to attend and vote at the Second H Shareholders' Class Meeting to be convened on 20 July 2020 (Monday) at the conference room at 41/F., Tower B, Zhonghang Zijin Plaza, No. 1811 Huandao Road East, Siming District, Xiamen City, Fujian Province, the PRC. In order to be qualified for attending and voting at the Second H Shareholders' Class Meeting, all documents on transfers of H Shares must be lodged with the Registrar of H Shares of the Company no later than 4:30 p.m. on 14 July 2020 (Tuesday).**

The address of the Hong Kong Registrar of H Shares is:

Computershare Hong Kong Investor Services Limited  
Shops 1712-1716,  
17th Floor, Hopewell Centre,  
183 Queen's Road East,  
Wanchai,  
Hong Kong

- (B) Holders of H Shares who intend to attend the Second H Shareholders' Class Meeting must complete and return the reply slip in writing to the Secretariat of the Board of Directors or Registrar of H Shares of the Company – Computershare Hong Kong Investor Services Limited, the address is: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 15 July 2020 (Wednesday).

Details of the office of the Secretariat of the Board of Directors are as follows:

41/F., Tower B, Zhonghang Zijin Plaza,  
No. 1811 Huandao Road East, Siming District,  
Xiamen City, Fujian Province,  
People's Republic of China  
Tel: (86)592-2933653  
Fax: (86)592-2933580

- (C) Holders of H Shares who have the right to attend and vote at the Second H Shareholders' Class Meeting are entitled to appoint one or more proxies (whether or not a member) in writing to attend and vote on their behalf. For those shareholders who appoint more than one proxy, such proxies can only exercise their voting rights by way of polls.
- (D) The instrument appointing a proxy must be in writing and signed by the appointer or his attorney duly authorised in writing. In the event that such instrument is signed by an attorney of the appointer, an authorisation instrument that authorises such signatory shall be notarised.
- (E) To be valid, the proxy form (and if the proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, then together with such power of attorney or other authority) must be deposited at the Registrar of H Shares of the Company – Computershare Hong Kong Investor Services Limited no later than 24 hours before the specified time for the holding of the Second H Shareholders' Class Meeting (i.e. no later than 10:30 a.m. on Sunday, 19 July 2020, Hong Kong time). The address is: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (F) If a proxy is appointed to attend the Second H Shareholders' Class Meeting on behalf of a shareholder, the proxy must indicate its identification document and the authorisation instrument with the date of issue and duly signed by the proxy and its legal representative, and in the case of legal representative of legal person shareholders, such legal representative must show its own identification document and valid document to identify its identity as legal representative. If a legal person shareholder appoints a company's representative other than its legal representative to attend the Second H Shareholders' Class Meeting, such representative must show its own identification document and the authorisation instrument bearing the company chop of the legal person shareholder and duly signed by its legal representative.
- (G) Completion and delivery of the proxy form will not preclude a holder of H Shares from attending and voting in person at the Second H Shareholders' Class Meeting if he/she so wishes.
- (H) The Second H Shareholders' Class Meeting is expected to last for a half day, and shareholders attending the Second H Shareholders' Class Meeting will be responsible for their own travelling and accommodation expenses.

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## NOTICE OF THE SECOND H SHAREHOLDERS' CLASS MEETING IN 2020

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### EXPECTED TIMETABLE

	<i>Year 2020 (Note)</i>
Latest time for lodging transfer of shares	14 July (Tuesday) 4:30 p.m.
Book closure period (both days inclusive)	15 July (Wednesday) to 20 July (Monday)
Record date	20 July (Monday)
Second H Shareholders' Class Meeting	20 July (Monday)
Announcement on results of the Second H Shareholders' Class Meeting	20 July (Monday)
Register of members re-opens	21 July (Tuesday)

*Note: All times refer to Hong Kong local times.*

*As at the date of this notice, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Lan Fusheng, Zou Laichang, Lin Hongfu, Ms. Lin Hongying and Mister Xie Xionghui as executive directors, Mister Li Jian as non-executive director, and Messrs. Zhu Guang, Mao Jingwen, Li Changqing, He Fulong and Suen Man Tak as independent non-executive directors.*

\* *The English name of the Company is for identification purpose only*

Should there be any discrepancy, the Chinese text of this notice shall prevail over its English text.