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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 Adoption of the Restricted A Share Incentive Scheme;
(2) Connected Transaction - Grant of Restricted A Shares to the Connected Participants
under the Incentive Scheme**

Proposed adoption of the Restricted A Share Incentive Scheme

On 17 November 2020, the Board resolved to propose the adoption of the Restricted A Share Incentive Scheme. The Incentive Scheme will be subject to the approvals of the SASAC of Longyan City and the approvals of the Shareholders at the EGM and the Class Meetings. Before the EGM and the Class Meetings are held for approving the Incentive Scheme, the Company may amend the Incentive Scheme upon the request of the regulatory authorities of the PRC and/or Hong Kong.

Grant of Restricted A Shares to the Connected Participants under the Incentive Scheme

The Company may grant Restricted A Shares to the Connected Participants under the Incentive Scheme.

Implications under the Listing Rules

The Incentive Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules.

Pursuant to Rule 19A.38 of the Listing Rules, the proposed adoption of the Restricted A Share Incentive Scheme is subject to the approvals of the Shareholders at the EGM and the Class Meetings.

Certain Participants of the First Grant are the Connected Participants, who are the Connected Persons of the Company. Grant of Restricted A Shares to the Connected Participants under the Incentive Scheme constitutes a Connected Transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

Chen Jinghe, Lan Fusheng, Zou Laichang, Lin Hongfu, Lin Hongying and Xie Xionghui, the Directors who are the Connected Participants of the Incentive Scheme, were considered as having material interests of the Incentive Scheme, and accordingly each of them was required to abstain from voting in the Board meeting in respect of the relevant resolutions to approve the proposed adoption of the Restricted A Share Incentive Scheme. All remaining Directors who were entitled to vote unanimously approved the above resolutions. The format and procedure for passing the resolutions were in compliance with the Company Law 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 other Directors have abstained from voting on the remaining Board resolution at the abovementioned Board meeting.

An Independent Board Committee will be established to give recommendations to the Independent Shareholders in respect of grant of Restricted A Shares to the Connected Participants under the Incentive Scheme and the transactions contemplated thereunder. An Independent Financial Adviser will also be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the grant of Restricted A Shares to the Connected Participants under the Incentive Scheme 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.

EGM and the Class Meetings

An EGM will be convened by the Company and held for the purpose of, inter alia, considering and approving the adoption of the Restricted A Share Incentive Scheme 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 adoption of the Restricted A Share Incentive Scheme and the related matters. Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the Restricted A Share Incentive Scheme shall abstain from voting on the resolution to approve the adoption of the Restricted A Share Incentive Scheme at the EGM. Accordingly, the Connected Participants and their Associates shall abstain from voting in respect of the resolution relating to the adoption of the Restricted A Share Incentive Scheme.

Pursuant to Rule 19A.39A of the Listing Rules, a Circular containing further details of the proposed adoption of the Restricted A Share Incentive Scheme and Grant of Restricted A Shares to the Connected Participants under the Incentive Scheme will be issued by the Company and dispatched to the H Shareholders in due course.

Proposed adoption of the Restricted A Share Incentive Scheme

On 17 November 2020, the Board resolved to propose the adoption of the Restricted A Share Incentive Scheme. The Incentive Scheme will be subject to the approvals of the SASAC of Longyan City and the approvals of the Shareholders at the EGM and the Class Meetings. Before the EGM and the Class Meetings

are held for approving the Incentive Scheme, the Company may amend the Incentive Scheme upon the request of the regulatory authorities of the PRC and/or Hong Kong.

I. Purpose of implementing the Incentive Scheme

For the purpose of further establishing and perfecting the Company's long-term incentive mechanism, attracting and retaining outstanding talents, fully mobilising the enthusiasm of the Company's employees, effectively aligning the interests of the Shareholders, the Company and the operators, and keeping all parties focused on the Company's long-term development, beginning from this year, the Company will implement equity incentives on a continuing basis and study on new incentive measures at appropriate times to tightly knit the management personnel, core technicians and the Company's development together, so as to realise the Company's development strategies and business targets.

On the basis of fully safeguarding the Shareholders' interests, the Incentive Scheme has been formulated in accordance with the relevant laws, regulations and regulatory documents including the Company Law, the Securities Law, the Administrative Measures, the Trial Measures and the Regulatory Notice, as well as the relevant stipulations of the Articles of Association.

II. Source of the Shares under the Incentive Scheme

The source of the underlying shares involved in the Incentive Scheme shall be the ordinary A Shares to be issued specifically by the Company to the Participants.

III. Number of the Restricted Shares to be granted

The number of the Restricted Shares proposed to be granted under the Incentive Scheme shall not exceed 100,000,000 A Shares, accounting for approximately 0.39% of the Company's total share capital as at the date of this announcement. Specifically, 95,100,000 A Shares are proposed to be granted under the First Grant, accounting for approximately 0.37% of the Company's total share capital as at the date of this announcement, and approximately 95.10% of the total Restricted Shares to be granted; not more than 4,900,000 A Shares shall be reserved, accounting for approximately 0.02% of the Company's total share capital as at the date of this announcement, and approximately 4.90% of the total Restricted Shares to be granted.

After implementation of the Incentive Scheme, the Company's total number of underlying shares under the Incentive Scheme during the validity period shall not exceed 10% of the Company's total share capital. The number of the Restricted Shares to be granted under the Incentive Scheme to any one of the Participants shall not exceed 1% of the total share capital of the Company as at the date of this announcement.

During the period from the date of this announcement to the completion of registration of the Restricted Shares of the Participants, in case of any conversion of capital reserve into share capital, bonus issue, share split or share consolidation or rights issue made by the Company, the number of Restricted A Shares

to be granted under the Incentive Scheme shall be adjusted accordingly.

IV. Participants

(I) Basis for determining the Participants

1. Legal basis for determining the Participants

The Participants of the Incentive Scheme are determined in accordance with the relevant stipulations of the Company Law, the Securities Law, the Administrative Measures, the Trial Measures, the Regulatory Notice as well as other relevant laws, regulations, regulatory documents and the Articles of Association, taking into account the actual situation of the Company.

2. Basis for determining the Participants by the positions held

The Participants under the Incentive Scheme include the Directors, senior and middle-level management, senior technical personnel, outstanding youth talents, highly educated talents and other employees whom the Company considers to have a direct impact on the Company's operating results and future development.

(II) Eligible Participants under the Incentive Scheme

The First Grant under the Incentive Scheme includes the following Participants:

(1) Directors and senior management;

(2) Middle-level management; and

(3) Senior technical personnel, outstanding youth talents, highly educated talents and other employees whom the Company considers to have a direct impact on the Company's operating results and future development.

The Participants under the Incentive Scheme do not include the independent non-executive Directors, the Supervisors and any Shareholder or actual controller, whether jointly or individually, holding more than 5% of the Shares of the Company, or their respective spouses, parents and children.

All the abovementioned Participants shall remain employed by the Company or its subsidiaries and have entered into employment contracts at the time they are granted the Restricted Shares and during the appraisal periods of the Incentive Scheme.

The eligible Participants of the Reserved Portion shall be determined within 12 months from the date on which the Incentive Scheme is considered and approved at the Shareholders' General Meetings. Following the proposal by the Board, issuance of explicit opinions by the independent Directors and the Supervisory Committee as well as issuance of professional opinion and legal opinion letter by the legal adviser, the Company shall disclose the details of such Participants on the designated website pursuant to the relevant requirements in a timely and accurate manner. The Reserved Portion will lapse where the eligible Participants are not determined after a lapse of 12 months from the aforesaid date. The basis for determining the eligible Participants of the Reserved Portion shall be referred to that of the First Grant.

(III) Allocation of the Restricted Shares to be granted among the Participants

The allocation of the Restricted Shares to be granted among the Participants under the Incentive Scheme is set out in the table below:

Name	Position	Total number of the Restricted Shares to be granted (Million Shares)	Approximate proportion of the total number of the Restricted Shares to be granted under the Incentive Scheme	Approximate proportion of the total share capital
Chen Jinghe	Chairman	1.10	1.10%	0.0043%
Zou Laichang	President	1.10	1.10%	0.0043%
Lan Fusheng	Vice-chairman	0.75	0.75%	0.0030%
Lin Hongfu	Standing Vice-president	0.75	0.75%	0.0030%
Lin Hongying	Vice-president	0.75	0.75%	0.0030%
Xie Xionghui	Vice-president	0.75	0.75%	0.0030%
Shen Shaoyang	Vice-president	0.75	0.75%	0.0030%
Long Yi	Vice-president	0.75	0.75%	0.0030%
Que Chaoyang	Vice-president	0.75	0.75%	0.0030%
Wu Honghui	Financial Controller	0.75	0.75%	0.0030%
Jiang Kaixi	Chief Engineer	0.75	0.75%	0.0030%
Zheng Youcheng	Secretary to the Board	0.75	0.75%	0.0030%
Other senior and middle-level management, core employees, outstanding youth talents, etc. (688 persons in total)		85.40	85.40%	0.34%
Reserved Portion		4.90	4.90%	0.02%
Total		100.00	100.00%	0.39%

Notes:

1. The Supervisors are excluded from the abovementioned personnel.
2. The eligible Participants of the Reserved Portion shall be determined within 12 months from the date on which the Incentive Scheme is considered and approved at the Shareholders' General Meetings. Following the proposal by the Board, issuance of explicit opinions by the independent Directors and the Supervisory Committee as well as issuance of professional opinion and legal opinion letter by the legal adviser, the Company shall disclose the details of such Participants on the designated website pursuant to the relevant requirements in a timely and accurate manner. The Reserved Portion will lapse where the eligible Participants are not determined after a lapse of 12 months from the aforesaid date. The basis

for determining the eligible Participants of the Reserved Portion shall be referred to that of the First Grant.

V. Grant Price of the Restricted Shares and basis of determination

(I) Grant Price of the Restricted Shares under the First Grant

The Grant Price of the Restricted Shares under the First Grant is RMB4.95 per A Share, i.e., the Participants who have satisfied the conditions of grant can subscribe for the Restricted Shares to be issued by the Company to them at the price of RMB4.95 per A Share.

(II) Basis for determining the Grant Price of the Restricted Shares under the First Grant

The Grant Price of the Restricted Shares under the First Grant shall not be lower than the nominal value of the Shares, and shall not be lower than the higher of:

- (1) RMB4.95 per A Share, being 60% of the average trading price of the Company's A Shares on the trading day preceding the date of this announcement (i.e., RMB8.24 per A Share); and
- (2) RMB4.54 per A Share, being 60% of the average trading price of the Company's A Shares in the last 20 trading days preceding the date of this announcement (i.e., RMB7.56 per A Share).

(III) Methods of determining the Grant Price of the Reserved Shares

Before the Reserved Shares are granted, a Board meeting shall be convened to consider and approve the relevant proposal. Details relating to the grant shall be announced accordingly. The Grant Price of the Reserved Shares shall not be lower than the nominal value of the Shares, and shall not be lower than the higher of:

- (1) 60% of the average trading price of the Company's A Shares on the trading day preceding the date of announcement of the Board's resolution regarding the grant of the Reserved Shares; and
- (2) 60% of any one of the average prices of the Company's A Shares in the last 20, 60 or 120 trading days preceding the date of announcement of the Board's resolution regarding the grant of the Reserved Shares.

VI. Validity period, Grant Date, Lock-Up Periods, unlocking arrangement and black-out periods of the Incentive Scheme

(I) Validity period of the Incentive Scheme

The validity period of the Incentive Scheme under the First Grant is from the date of registration of the Restricted Shares to the date when all the Restricted Shares which have been granted to the Participants are unlocked or repurchased and cancelled, and shall not exceed 72 months in any event.

(II) Grant Date of the Incentive Scheme

The Grant Date shall be determined by the Board after the Incentive Scheme has been considered and approved by the SASAC of Longyan City and at the Shareholders' General Meetings, and the Grant Date shall be a trading day. The Company shall grant the Restricted Shares and complete the announcement, registration and other relevant procedures within 60 days from the date on which the Incentive Scheme is

considered and approved at the Shareholders' General Meetings. If the Company fails to complete the aforesaid tasks within 60 days, the Incentive Scheme shall be terminated and the ungranted Restricted Shares shall lapse.

The Grant Date of the Reserved Shares shall be the date of announcement of the Board resolution on the grant of the relevant portion of the Restricted Shares.

The Grant Date shall be a trading day not falling within any of the following periods:

1. 30 days prior to the publication of periodic reports of the Company. Where there is a delay in publishing such reports due to special circumstances, the period shall be 30 days prior to the original date of publication to the day before the actual date of publication;
2. 10 days prior to the publication of the Company's estimated operating results announcements or preliminary performance results announcements;
3. the period from the date of occurrence of any significant event which may have a material impact on the trading prices of the Company's Shares and their derivatives or the date on which the relevant decision-making procedures begin, to the second trading day after disclosure is made in accordance with laws; and
4. other periods as stipulated by the Stock Exchange.

The abovementioned periods within which the Company is restricted from granting the Restricted Share are excluded from the 60-day limit.

If the Company's Directors and senior management, as the Participants, have reduced their holdings in the Company's Shares within 6 months prior to the grant of the Restricted Shares, the grant of the Restricted Shares shall be deferred to 6 months after the date of the last transaction for reducing shareholding in accordance with the provisions of short-swing trading of the Securities Law.

Before granting the Restricted Shares to the Participants, the Company shall convene a Board meeting to consider whether the conditions of grant of the Restricted Shares to the Participants under the Incentive Scheme are satisfied. The independent Directors and the Supervisory Committee shall issue explicit opinions and the law firm engaged by the Company shall issue legal opinion as to whether the conditions of grant of the Restricted Shares to the Participants have been satisfied. The Board shall grant the Restricted Shares to the eligible Participants and complete capital verification, announcement, registration and other relevant procedures.

(III) Lock-up Periods and unlocking arrangement of the Incentive Scheme

The Lock-up Period of the Restricted Shares to be granted under the First Grant of the Incentive Scheme shall be 24 months from the completion date of registration of the Restricted Shares under the First Grant. The Lock-up Period of the Reserved Shares under the Incentive Scheme shall be 24 months from the

completion date of registration of the Reserved Shares. The Restricted Shares granted to the Participants under the Incentive Scheme shall not be transferred, pledged or used for repayment of debt during the Lock-up Periods.

The Unlocking Periods of the Restricted Shares to be granted under the First Grant of the Incentive Scheme and the arrangement for each Unlocking Period are set out in the table below:

Phase of unlocking	Unlocking Period	Percentage of Restricted Shares to be unlocked
The First Unlocking Period for the Restricted Shares granted under the First Grant and the reserved grant	Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of the Restricted Shares being granted and ending on the last trading day of the 36-month period from the date of completion of registration of the Restricted Shares being granted	33%
The Second Unlocking Period for the Restricted Shares granted under the First Grant and the reserved grant	Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of the Restricted Shares being granted and ending on the last trading day of the 48-month period from the date of completion of registration of the Restricted Shares being granted	33%
The Third Unlocking Period for the Restricted Shares granted under the First Grant and the reserved grant	Commencing from the first trading day after expiry of the 48-month period from the date of completion of registration of the Restricted Shares being granted and ending on the last trading day of the 60-month period from the date of completion of registration of the Restricted Shares being granted	34%

(IV) Black-out periods under the Incentive Scheme

The provisions for black-out periods under the Incentive Scheme shall be implemented in accordance with the stipulations of the Company Law, the Securities Law and other relevant laws, regulations and regulatory documents and the Articles of Association. Details of which are set out below:

1. If a Participant is a Director or a member of senior management of the Company, the number of Shares that may be transferred each year during the term of office of the Participant shall not exceed 25% of the total number of Shares held by such Participant. No Shares shall be transferred within the six months after the Participant has left his or her office.
2. If a Participant is a Director or a member of senior management of the Company and sells any Shares which were purchased within the last six months, or purchases Shares in the six months following a disposal, all gains arising therefrom shall belong to the Company and be recovered by the Board.
3. If, during the validity period of the Incentive Scheme, there is any change in the provisions of the Company Law, the Securities Law and other relevant laws, regulations and regulatory documents and the Articles of Association regarding transfer of the Shares held by a Director or a member of senior

management of the Company, the relevant Participants shall comply with the relevant amended provisions prevailing at the time of share transfer.

VII. Conditions of grant and unlocking of the Restricted Shares

(I) Conditions of grant of the Restricted Shares

The Company shall grant the Restricted Shares to the Participants upon satisfaction of all of the following conditions of grant. In other words, no Restricted Shares shall be granted to the Participants if any of the following conditions of grant has not been satisfied.

(I) There is no occurrence of any of the following on the part of the Company:

1. issuance of an auditors' report with an adverse opinion or a disclaimer of opinion by certified public accountants in respect of the Company's financial accounting report for the most recent accounting year;
2. issuance of an auditors' report with an adverse opinion or a disclaimer of opinion by certified public accountants in respect of the Company's internal control over financial reporting for the most recent accounting year;
3. failure to carry out profit distribution in accordance with the laws and regulations, the Articles of Association or public undertakings during the 36 months after listing;
4. prohibition from implementation of any equity incentive scheme by applicable laws and regulations; and
5. any other circumstances as prescribed by the CSRC.

(II) A Participant shall not be a person who:

1. has been deemed as an inappropriate candidate by the Stock Exchange in the last 12 months;
2. has been deemed as an inappropriate candidate by the CSRC or any of its dispatch agencies in the last 12 months;
3. has been imposed with administrative penalties or a ban from entry into the securities market by the CSRC or any of its dispatch agencies due to material breach of laws and regulations in the last 12 months;
4. is prohibited from acting as a director or a member of the senior management of a company under the Company Law;
5. is not allowed to participate in any equity incentive scheme of a listed company under laws and regulations; or
6. falls under any other circumstances as prescribed by the CSRC.

(II) Unlocking Conditions of the Restricted Shares

Within the Unlocking Periods, the Restricted Shares granted to a Participant may be unlocked only when all of the following conditions are satisfied:

(I) There is no occurrence of any of the following on the part of the Company:

1. issuance of an auditors' report with an adverse opinion or a disclaimer of opinion by certified public accountants in respect of the Company's financial accounting report for the most recent accounting year;

2. issuance of an auditors' report with an adverse opinion or a disclaimer of opinion by certified public accountants in respect of the Company's internal control over financial reporting for the most recent accounting year;
3. failure to carry out profit distribution in accordance with the laws and regulations, the Articles of Association or public undertakings during the 36 months after listing;
4. prohibition from implementation of any equity incentive scheme by applicable laws and regulations; and
5. any other circumstances as prescribed by the CSRC.

(II) A Participant shall not be a person who:

1. has been deemed as an inappropriate candidate by the Stock Exchange in the last 12 months;
2. has been deemed as an inappropriate candidate by the CSRC or any of its dispatch agencies in the last 12 months;
3. has been imposed with administrative penalties or a ban from entry into the securities market by the CSRC or any of its dispatch agencies due to material breach of laws and regulations in the last 12 months;
4. is prohibited from acting as a director or a member of the senior management of a company under the Company Law;
5. is not allowed to participate in any equity incentive scheme of a listed company under laws and regulations; or
6. falls under any other circumstances as prescribed by the CSRC.

In case of occurrence of any of the circumstances as stipulated in paragraph (I) above to the Company, all the Restricted Shares that have been granted to the Participants but not yet unlocked under the Incentive Scheme shall be repurchased and cancelled by the Company. In case of occurrence of any of the circumstances as stipulated in paragraph (II) to a Participant, the Restricted Shares that have been granted to such Participant but not yet unlocked under the Incentive Scheme shall be repurchased and cancelled by the Company.

(III) Performance appraisal requirements at company and individual levels

The appraisal period for unlocking the Restricted Shares granted under the First Grant of the Incentive Scheme is the three accounting years from 2021 to 2023. Annual appraisal shall be conducted in each accounting year. Performance appraisal targets at company and individual levels for each year are set out below:

Unlocking Period	Performance appraisal targets
The First Unlocking Period for the Restricted Shares granted under the First Grant and the reserved grant	(1) On the basis of the operating results for 2019, the compound growth rate of net profit for 2021 shall not be lower than 25% as well as the industry average level or the 75th percentile of the benchmarking enterprises; (2) On the basis of the operating results for 2019, the compound growth rate of return on net assets for 2021 shall not be lower than 10% as well as the industry average level or the 75th percentile of the benchmarking enterprises; (3) Debt-to-asset ratio as at the end of 2021 shall not be higher than 65%;

	(4) Performance appraisal of such Participant for 2021 shall be grade B or above
The Second Unlocking Period for the Restricted Shares granted under the First Grant and the reserved grant	(1) On the basis of the operating results for 2019, the compound growth rate of net profit for 2022 shall not be lower than 25% as well as the industry average level or the 75th percentile of the benchmarking enterprises; (2) On the basis of the operating results for 2019, the compound growth rate of return on net assets for 2022 shall not be lower than 10% as well as the industry average level or the 75th percentile of the benchmarking enterprises; (3) Debt-to-asset ratio as at the end of 2022 shall not be higher than 65%; (4) Performance appraisal of such Participant for 2022 shall be grade B or above
The Third Unlocking Period for the Restricted Shares granted under the First Grant and the reserved grant	(1) On the basis of the operating results for 2019, the compound growth rate of net profit for 2023 shall not be lower than 25% as well as the industry average level or the 75th percentile of the benchmarking enterprises; (2) On the basis of the operating results for 2019, the compound growth rate of return on net assets for 2023 shall not be lower than 10% as well as the industry average level or the 75th percentile of the benchmarking enterprises; (3) Debt-to-asset ratio as at the end of 2023 shall not be higher than 65%; (4) Performance appraisal of such Participant for 2023 shall be grade B or above

Notes: For the abovementioned indicators, net profit refers to net profit attributable to owners of the parent after deduction of non-recurring profits and losses; return on net assets refers to the weighted average return on net assets after deduction of non-recurring profits and losses. The calculation of the abovementioned appraisal indicators shall exclude the incentive costs incurred by the implementation of the Incentive Scheme. During the validity period of the Incentive Scheme, in case of allotment of Shares, rights issue or other events that would result in a change in the Company's net assets, the changes in net assets and income arising therefrom shall be excluded during the appraisal.

(IV) Selection of benchmarking enterprises for granting and unlocking the Restricted Shares

As the resources reserve volumes and production volumes of the Company's key mineral products, i.e., gold, copper, lead and zinc products have occupied top three places in the domestic mining industry, the domestic mining enterprises with large business scale in gold, copper, lead and zinc products have been selected as the benchmarking enterprises for granting and unlocking the Restricted Shares. Details of which are as follows:

Number	Category	Stock code	Stock abbreviation
1	Gold	600547	Shandong Gold
2	Gold	1818.HK	Zhaojin Mining
3	Gold	600489	Zhongjin Gold
4	Gold	002155	Hunan Gold
5	Copper	600362	Jiangxi Copper
6	Copper	000878	Yunnan Copper
7	Copper	000630	Tongling Nonferrous Metals

8	Copper	603993	China Molybdenum
9	Copper, lead and zinc	601168	Western Mining
10	Copper, lead and zinc	1208.HK	MMG
11	Lead and zinc	600497	Chihong Zn & Ge
12	Lead and zinc	000060	Zhongjin Lingnan

If there are significant changes in the principal business of or extreme values with significant deviation in the industry samples or benchmarking enterprises during the annual appraisal, the Board will remove or replace the samples in the year-end appraisal.

(III) Reasonableness of appraisal indicators

The appraisal indicators for the Restricted Shares of the Company are divided into two levels, i.e. performance appraisal at company level and performance appraisal at individual level.

Performance appraisal indicators at company level include compound growth rate of net profit attributable to owners of the parent and return on net assets. The compound growth rate of net profit attributable to owners of the parent is a measurement of the Company's profitability and growth prospect, which may help the Company maintain a favourable image in the capital market; the compound growth rate of return on net assets is a measurement of the operating results of listed companies; debt-to-asset ratio is a measurement of the Company's capacity in using funds provided by creditors to conduct business activities, which indicates the security of the loans provided by creditors. Having made a reasonable projection as well as taking into account the incentive effect of the Incentive Scheme, the Company set the abovementioned performance appraisal targets for the Incentive Scheme.

In addition to the performance appraisal at company level, the Company has established a performance appraisal system for individuals, which evaluates comprehensively the performance of the Participants in an accurate and all-round manner. The Company will determine whether the Participants meet the Unlocking Conditions based on their performance appraisal results for the previous year. Only when both of the two indicators are met at the same time can the Restricted Shares be unlocked and entitle the Participants to the gains arising therefrom.

In conclusion, the appraisal system for the Incentive Scheme of the Company is all-round, comprehensive and operable, and the appraisal indicators are scientific and reasonable, which are binding on the Participants and are capable of serving the goal of appraisal of the Incentive Scheme.

VIII. Methods of and procedures for adjusting the Incentive Scheme

(I) Methods of adjusting the number of the Restricted Shares

During the period from the date of this announcement to the completion of registration of the Restricted Shares held by the Participants, in case of any conversion of capital reserve into share capital, bonus issue, share split, rights issue, share consolidation, etc. made by the Company, the number of Restricted Shares shall be adjusted accordingly. The adjustment methods are set out below:

1. Conversion of capital reserve into share capital, bonus issue and share split

$$Q = Q_0 \times (1 + n)$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; n represents the ratio of conversion of capital reserve into share capital, bonus issue or share split (i.e. increase in the number of Shares for each Share held upon conversion of capital reserve into share capital, bonus issue or share split); Q represents the number of the Restricted Shares after the adjustment.

2. Rights issue

$$Q = Q_0 \times P_1 \times (1 + n) \div (P_1 + P_2 \times n)$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; P_1 represents the closing price on the date of share registration; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of Shares issued under the rights issue to the Company's total share capital before the rights issue); Q represents the number of the Restricted Shares after the adjustment.

3. Share consolidation

$$Q = Q_0 \times n$$

Where: Q_0 represents the number of the Restricted Shares before the adjustment; n represents the share consolidation ratio (i.e., 1 Share will be consolidated into n Shares); Q represents the number of the Restricted Shares after the adjustment.

4. Issuance of new Shares

In case of issuance of new Shares, the number of the Restricted Shares shall not be adjusted.

(II) Methods of adjusting the Grant Price of the Restricted Shares

During the period from the date of this announcement to the completion of registration of the Restricted Shares held by the Participants, in case of any conversion of capital reserve into share capital, bonus issue, share split, rights issue, share consolidation, dividend distribution, etc. made by the Company, the Grant Price of the Restricted Shares shall be adjusted accordingly. The adjustment methods are set out below:

1. Conversion of capital reserve into share capital, bonus issue and share split

$$P = P_0 \div (1 + n)$$

Where: P_0 represents the Grant Price before the adjustment; n represents the ratio of conversion of capital reserve into share capital, bonus issue or share split; P represents the Grant Price after the adjustment.

2. Rights issue

$$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1 + n)]$$

Where: P_0 represents the Grant Price before the adjustment; P_1 represents the closing price on the date of share registration; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of Shares issued under the rights issue to the Company's total share capital before the rights issue); P represents the Grant Price after the adjustment.

3. Share consolidation

$$P = P_0 \div n$$

Where: P_0 represents the Grant Price before the adjustment; n represents the share consolidation ratio; P represents the Grant Price after the adjustment.

4. Dividend distribution

$$P = P_0 - V$$

Where: P_0 represents the Grant Price before the adjustment; V represents the dividend per Share; P represents the Grant Price after the adjustment. P shall remain greater than 1 after the adjustment for dividend distribution.

5. Issuance of new Shares

In case of issuance of new Shares, the price of the Restricted Shares shall not be adjusted.

(III) Adjustment procedures for the Incentive Scheme

When the foregoing circumstances occur, the Board shall consider and approve the proposal relating to adjustments to the number of the Restricted Shares and the Grant Price. The Company shall engage a legal adviser to provide professional opinion to the Board on whether such adjustments are in compliance with the Administrative Measures, the Articles of Association and the Incentive Scheme. Upon consideration and approval of the Board over the adjustment proposal, the Company shall announce the Board resolutions in a timely manner and the opinion of the legal adviser at the same time.

IX. Procedures for implementation of the Incentive Scheme

(I) Procedures for the Incentive Scheme to take effect

(1) The Board shall arrive at a resolution on the Incentive Scheme in accordance with the laws. When the

Board considers the Incentive Scheme, any Director who is also a Participant or has a connected relationship with any Participant shall abstain from voting. Upon consideration and approval by the Board, and implementation of the relevant publicisation or announcement procedures, the Incentive Scheme shall be tabled to the Shareholders' General Meetings for consideration; the authorisation of the Shareholders' General Meetings shall be sought for implementing matters such as granting, unlocking and repurchase of the Restricted Shares.

(2) The independent Directors and the Supervisory Committee shall issue opinions in respect of whether the Scheme is beneficial to the Company's sustainable development and whether there is any apparent prejudice to the interests of the Company and all Shareholders.

(3) The implementation of the Scheme is subject to the approval of the SASAC of Longyan City in principle, as well as the consideration and approval at the Shareholders' General Meetings. Before convening the Shareholders' General Meetings, the Company shall publicise a list of the Participants internally for at least 10 days, either on the Company's website or other channels. The Supervisory Committee shall review the list of the Participants and fully consider the feedback received during the publicisation process. Details regarding the review of the Supervisory Committee on the list of the Participants and the publicisation shall be disclosed 5 days before the Scheme is considered at the Shareholders' General Meetings.

(4) The contents of the Incentive Scheme, which have been formulated in accordance with article 9 of the Administrative Measures, shall be voted at the Shareholders' General Meetings, and be approved by more than 2/3 of the voting rights held by the Shareholders attending the meetings. The votes of the Shareholders other than the Directors, the Supervisors and senior management of the Company, as well as the Shareholders individually or collectively holding more than 5% of the Company's Shares shall be counted and disclosed separately. The Shareholders who are the Participants or who have a connected relationship with any Participant shall abstain from voting when the Scheme is being considered at the Shareholders' General Meetings.

(II) Procedures for granting the Restricted Shares

(1) Upon approval of the Scheme at the Shareholders' General Meetings, the Company shall enter into an equity incentive agreement with the Participants in order to determine the respective rights and obligations of each party.

(2) Before the Company grants any entitlements to the Participants, the Board shall consider whether the Participants have satisfied the conditions of grant prescribed in the Incentive Scheme and make announcement accordingly. The independent Directors and the Supervisory Committee shall issue explicit opinions at the same time. The law firm engaged by the Company shall issue legal opinion as to whether the Participants have satisfied the conditions of grant.

(3) The Supervisory Committee shall verify the Grant Date of the Restricted Shares and the list of the Participants and issue its opinion.

(4) In the event of any discrepancy between the entitlements granted to the Participants and the arrangements under the Scheme, the independent Directors, the Supervisory Committee (where there are changes to the Participants), law firm and independent financial advisor (if any) shall simultaneously issue explicit opinions.

(5) Upon consideration and approval of the Incentive Scheme at the Shareholders' General Meetings, the Company shall grant the Restricted Shares to the Participants and complete the announcement and registration procedures within 60 days from the date on which the Incentive Scheme is considered and approved at the Shareholders' General Meetings. The Board shall make announcement upon the completion of registration of the Restricted Shares regarding details of the implementation in a timely manner. If the Company fails to complete the abovementioned work within 60 days, the Scheme shall be terminated, in such case the Board shall disclose the reasons of non-completion in a timely manner, and shall not consider an equity incentive scheme within 3 months (according to the provisions of the Administrative Measures, the 60-day period excludes the period in which a listed company is prohibited from granting restricted shares).

(6) The Company shall apply to the Stock Exchange prior to the grant of the Restricted Shares. The depository and clearing company will handle the registration and settlement matters upon the confirmation of the Stock Exchange.

(III) Procedures for unlocking the Restricted Shares

(1) Before the unlocking dates, the Company shall confirm whether the Participants have satisfied the Unlocking Conditions. The Board shall consider whether the Unlocking Conditions under the Scheme have been satisfied, and the independent Directors and the Supervisory Committee shall issue explicit opinions at the same time. The Company's legal adviser shall issue legal opinion as to whether the Unlocking Conditions of the Participants have been satisfied. As to the Participants who have satisfied the Unlocking Conditions, the Company shall handle the unlocking of the Restricted Shares on a uniform basis. For the Participants who have not satisfied the Unlocking Conditions, the relevant batch of the Restricted Shares held by such persons shall be repurchased and cancelled by the Company. The Company shall announce the details regarding the implementation in a timely manner.

(2) Participants may transfer their unlocked Restricted Shares, whereas the transfer of the Restricted Shares held by the Directors and members of senior management of the Company shall comply with the requirements of the relevant laws, regulations and regulatory documents.

(3) The Company shall apply to the Stock Exchange before unlocking the Restricted Shares held by the Participants. The depository and clearing company will handle the registration and settlement matters upon the confirmation of the Stock Exchange.

(IV) Procedures for amending the Incentive Scheme

(1) Any proposed amendment to the Incentive Scheme by the Company prior to consideration of the Incentive Scheme at the Shareholders' General Meetings shall be subject to consideration and approval of the Board.

(2) Any proposed amendment to the Incentive Scheme by the Company after consideration and approval of the Incentive Scheme at the Shareholders' General Meetings shall be subject to consideration and approval at the shareholders' general meetings, provided that such amendment shall not:

1. result in premature unlocking of restriction;
2. reduce the Grant Price.

The independent Directors and the Supervisory Committee shall issue opinions in respect of whether the amended Scheme is beneficial to the Company's sustainable development and whether there is any apparent prejudice to the interests of the Company and all Shareholders. The law firm engaged by the Company shall issue professional opinion as to whether the amended Scheme is in compliance with the provisions of the Administrative Measures, the relevant laws and regulations, and whether there is any apparent prejudice to the interests of the Company and all Shareholders.

(V) Procedures for terminating the Incentive Scheme

(1) Any proposed termination of the Incentive Scheme by the Company prior to consideration of the Incentive Scheme at the Shareholders' General Meetings shall be subject to consideration and approval of the Board.

(2) Any proposed termination of the Incentive Scheme by the Company after consideration and approval of the Incentive Scheme at the Shareholders' General Meetings shall be subject to consideration and approval at the shareholders' general meetings.

(3) The law firm engaged by the Company shall issue professional opinion as to whether the termination of the Scheme is in compliance with the provisions of the Administrative Measures, the relevant laws and regulations, and whether there is any apparent prejudice to the interests of the Company and all Shareholders.

(4) In case of termination of the Incentive Scheme, the Company shall repurchase all the Restricted Shares that are not unlocked and deal with the relevant matters in accordance with the Company Law.

(5) The Company shall apply to the Stock Exchange before repurchasing the Restricted Shares. The depository and clearing company will handle the registration and settlement matters upon the confirmation of the Stock Exchange.

X. Respective rights and obligations of the Company and the Participants

(I) Rights and obligations of the Company

(1) The Company shall have the right to construe and execute the Incentive Scheme and shall appraise the performance of the Participants based on the provisions of the Incentive Scheme. If a Participant fails to satisfy the Unlocking Conditions required under the Incentive Scheme, the Company shall repurchase and cancel the Restricted Shares which have not yet been unlocked of such Participant, in accordance with the principles as prescribed under the Incentive Scheme.

(2) The Company undertakes not to provide loans and financial assistance in any other forms, including guarantee for loans, to the Participants to obtain the Restricted Shares under the Scheme.

(3) The Company shall perform its reporting, information disclosure and other obligations under the Scheme in a timely manner in accordance with the relevant requirements.

(4) The Company shall actively assist the Participants who have satisfied the Unlocking Conditions to unlock the selling restrictions in accordance with the relevant requirements of the Incentive Scheme, the CSRC, the Stock Exchange and China Securities Depository and Clearing Corporation Limited. However, the Company shall not be responsible for any losses incurred by a Participant in the case that the Restricted Shares are not unlocked as the Participant so wishes by reasons relating to the CSRC, the Stock Exchange or China Securities Depository and Clearing Corporation Limited.

(II) Rights and obligations of the Participants

(1) The Participants shall fulfill the requirements of their positions as expected by the Company, and shall work with diligence and responsibility, strictly observe professional conduct, and make contributions to the development of the Company.

(2) The Participants shall comply with the selling restrictions under the Incentive Scheme in respect of the Restricted Shares being granted. Before selling restrictions are unlocked, the Restricted Shares granted to the Participants shall not be transferred, pledged or used for repayment of debt or be entitled to other rights of disposal.

(3) Upon completion of registration of transfer by the depository and clearing company, the Restricted Shares granted to the Participants shall enjoy the rights as those conferred on the Shares, such as the rights to dividend and rights of rights issue, but excluding the right to vote. However, if, within the Lock-up Period, the Participants are entitled to Shares arising from bonus issue, conversion of capital reserve into

share capital, rights issue and placement to original Shareholders upon issuance of new Shares in connection with the Restricted Shares which have been granted to the Participants, such Shares shall not be disposed of in the secondary market or otherwise transferred and shall be subject to the same expiry date of the Lock-up Periods as that of the Restricted Shares.

(4) The Participants shall secure their own source of financing.

(5) Any gains obtained by the Participants under the Incentive Scheme are subject to individual income tax and other taxes according to PRC tax laws.

(6) The Participants undertake that, where there are false representations or misleading statements contained in, or material omissions from the disclosure documents of the Company and as a result of which the conditions of grant or arrangements for exercise of rights are not satisfied, the Participants concerned shall return to the Company all interests obtained from the Incentive Scheme when it is found that the relevant disclosure documents of the Company contain false representations, misleading statements or material omissions.

(7) Upon consideration and approval of the Incentive Scheme at the Shareholders' General Meetings, the Company shall enter into an equity incentive agreement with each Participant in which the respective rights and obligations of each party as well as other relevant matters shall be stipulated.

(8) Other relevant rights and obligations as stipulated by laws, regulations and the Incentive Scheme.

XI. Methods of handling unusual changes to the Company and the Participants

(I) Methods of handling unusual changes to the Company

(I) The Incentive Scheme shall be terminated immediately in case any of the following events occurs to the Company. Any Restricted Shares which have been granted to the Participants and not unlocked shall not be unlocked and shall be repurchased and cancelled by the Company:

1. issuance of an auditors' report with an adverse opinion or a disclaimer of opinion by certified public accountants in respect to the Company's financial accounting report for the most recent accounting year;
2. issuance of an auditors' report with adverse opinion or a disclaimer of opinion by certified public accountants in respect of the Company's internal control over financial reporting for the most recent accounting year;
3. failure to carry out profit distribution in accordance with the laws and regulations, the Articles of Association or public undertakings during the 36 months after listing;
4. prohibition from implementation of any equity incentive scheme by applicable laws and regulations; and
5. any other circumstances under which the Incentive Scheme shall be terminated as prescribed by the CSRC.

(II) The Scheme shall be implemented as usual in case any of the following events occur to the Company:

1. change of control of the Company; and
2. merger or spin-off of the Company.

(III) Where there are false representations or misleading statements contained in, or material omissions from the disclosure documents of the Company and as a result of which the conditions of grant or arrangements for unlocking the restrictions are not satisfied, the Restricted Shares not unlocked shall be repurchased and cancelled by the Company on a uniform basis. In respect of the Restricted Shares granted to the Participants which have been unlocked, the Participants concerned shall return to the Company all entitlements granted. Where a Participant not being responsible for any of the aforesaid matters returns the entitlements granted and thereby suffers losses, such Participant may claim against the Company or any other responsible persons in accordance with the relevant arrangements under the Incentive Scheme.

The Board shall recover all the income obtained by the Participants in accordance with the aforesaid provisions and the relevant arrangements under the Incentive Scheme.

(II) Changes to the individual circumstances of the Participants

(I) Where a Participant changes office position but remains employed by the Company or its subsidiaries or branches, the procedures stipulated in the Incentive Scheme before the change in office position shall apply to the Restricted Shares which have been granted to such Participant; where a Participant is demoted, the portion of the Restricted Shares which has been granted to him or her and not unlocked shall be adjusted with reference to the amount of the Restricted Shares to which the Participant is entitled after the demotion comes into effect.

However, in the event that the following circumstances occur to a Participant, any Restricted Shares which have been granted to such Participant and not unlocked shall not be unlocked and shall be repurchased and cancelled by the Company. As for the portion of the Restricted Shares which have been unlocked, the Company may request the Participant to return any income arising therefrom:

1. Where the Participant has breached national laws or regulations, stipulations in the Articles of Association or the Company's internal management rules and policies, committed dereliction of duty or malpractice as stipulated in the employment contract, severely impaired the interest or reputation of the Company, or caused economic losses to the Company, whether direct or indirect;
2. Where the Company has sufficient proof that the Participant, during his or her term of office, has caused direct or indirect losses to the Company due to his or her violation of laws or disciplines such as bribery, solicitation of bribes, corruption, theft and divulgence of confidential operational and technological information of the Company;
3. Where the Participant is held criminally liable for act of crime.

(II) Where a Participant leaves the office by reason of resignation or redundancy implemented by the Company, any Restricted Shares which have been granted to such Participant and not unlocked shall not be unlocked and shall be repurchased and cancelled by the Company.

(III) Where a Participant no longer works in the Company due to retirement, any Restricted Shares which have been granted to such Participant and not unlocked due to unsatisfaction of performance appraisal targets shall not be unlocked and shall be repurchased and cancelled by the Company.

(IV) Where a Participant leaves the office due to loss of working capacity, the following treatments shall apply:

1. Where a Participant leaves the office due to loss of working capacity as a result of performing duties, the procedures stipulated in the Incentive Scheme before the loss of working capacity of such Participant shall apply to the Restricted Shares which have been granted to such Participant and the individual performance appraisal results would cease to be included in the Unlocking Conditions;
2. Where a Participant leaves the office due to the loss of working capacity, and the reason thereof is unconnected to performance of duties, any Restricted Shares which have been granted to such Participant and not unlocked shall not be unlocked and shall be repurchased and cancelled by the Company.

(V) Where a Participant is deceased, the following treatments shall apply:

1. Where a Participant is deceased as a result of performance of duties, the Restricted Shares granted to such Participant shall be held by the designated or legal successor on his or her behalf. The procedures stipulated in the Incentive Scheme before the death of such Participant shall apply to the Restricted Shares which have been granted to him or her, and individual performance appraisal results would cease to be included in the Unlocking Conditions;
2. Where a Participant is deceased as a result of any other reasons, the Restricted Shares which have been granted to such Participant shall not be unlocked and shall be repurchased and cancelled by the Company.

(VI) Matters which are not specified in the Scheme and the methods of handling such matters shall be decided by the Board.

(III) Resolution of disputes between the Company and the Participants

Any dispute arising between the Company and the Participants shall be resolved in accordance with provisions of the Incentive Scheme and the equity incentive agreement. Disputes not explicitly covered by the provisions shall be resolved by negotiation in accordance with the national laws on fair and reasonable principles. Where negotiation is unsuccessful, litigation may be instigated at a competent People's Court in the Company's place of domicile.

XII. Principles for repurchase and cancellation of the Restricted Shares

In the event that the Company repurchases and cancels the Restricted Shares according to the Incentive Scheme, unless otherwise specified in the Incentive Scheme, the repurchase price shall be the Grant Price.

After completion of the registration of the Restricted Shares which have been granted to the Participants, if there is any conversion of capital reserve into share capital, bonus issue, share split, rights issue, share consolidation, dividend distribution or any other event that affects the Company's total share capital or share price, the Company shall make corresponding adjustments to the repurchase price of the Restricted Shares which are not yet unlocked.

(I) Methods of adjusting the repurchase price

1. Conversion of capital reserve into share capital, bonus issue and share split

$$P = P_0 \div (1 + n)$$

Where: P represents the repurchase price of each Restricted Share after the adjustment; P_0 represents the Grant Price of each Restricted Share; n represents the ratio of conversion of capital reserve into share capital, bonus issue or share split (i.e., increase in the number of Shares for each Share held upon conversion of capital reserve into share capital, bonus issue or share split).

2. Rights issue

$$P = P_0 \times (P_1 + P_2 \times n) \div [P_1 \times (1 + n)]$$

Where: P_1 represents the closing price on the date of share registration; P_2 represents the price of the rights issue; n represents the ratio of the rights issue (i.e., the ratio of the number of Shares issued under the rights issue to the Company's total share capital before the rights issue).

3. Share consolidation

$$P = P_0 \div n$$

Where: P represents the repurchase price of each Restricted Share after the adjustment; P_0 represents the Grant Price of each Restricted Share; n represents the share consolidation ratio (i.e., 1 Share will be consolidated into n Shares).

4. Dividend distribution

$$P = P_0 - V$$

Where: P_0 represents the repurchase price of each Restricted Share before the adjustment; V represents the dividend per Share; P represents the repurchase price per Restricted Share after the adjustment. P shall remain greater than 1 after the adjustment for dividend distribution.

(II) Procedure for adjusting the repurchase price

The Company shall convene a Board meeting in a timely manner to consider the proposed adjustment to the repurchase price according to the above provisions, table the same to the shareholders' general meetings for approval in accordance with the provisions of the Incentive Scheme, and make announcement accordingly in a timely manner.

(III) Procedures of repurchase and cancellation

The Company shall convene a Board meeting in a timely manner to consider the proposed adjustment to repurchase according to the above provisions, table the same to the shareholders' general meetings for approval in accordance with the laws, and make announcement accordingly in a timely manner. In order to carry out repurchase in accordance with the provisions of the Scheme, the Company shall apply to the Stock Exchange for unlocking the relevant Restricted Shares. Upon confirmation by the Stock Exchange, registration and settlement matters will be handled by the depository and clearing company.

XIII. Accounting treatment on the Restricted Shares

In accordance with the provisions of the Accounting Standard for Business Enterprises No. 11 - Share-based Payments, on each date of statement of financial position within the Lock-up Periods, the Company shall revise the number of the Restricted Shares which are expected to be unlocked based on the latest number of persons whose Restricted Shares are eligible to be unlocked, completion of performance targets and other subsequent information which are available to the Company, and recognise the services received in the relevant period in the corresponding costs or expenses and capital reserve at the fair value of the Restricted Shares on the Grant Date.

(I) Accounting treatment

1. On the Grant Date

The share capital and capital reserve shall be determined according to the issuance of the Restricted Shares to the Participants by the Company.

2. On each date of statement of financial position within the Lock-up Periods

In accordance with the provisions of the accounting standards, on each date of statement of financial position within the Lock-up Periods, the services received from the employees shall be recognised in costs or expenses, and equity or liability shall be recognised simultaneously.

3. On the unlocking date

On the unlocking date, the Restricted Shares can be unlocked if all of the Unlocking Conditions are satisfied; if the Restricted Shares, either in part or in whole, are not unlocked and thus lapse or become void, they shall be dealt with in accordance with accounting standards and relevant provisions.

4. Accounting treatment for the Reserved Portion

No accounting treatment needs to be made for the Reserved Portion of the Restricted Shares until they are officially granted, which will then be treated with reference to the accounting treatment of the First Grant.

5. Fair value of the Restricted Shares and its determination

In accordance with the provisions of the Accounting Standard for Business Enterprises No. 11 - Share-based Payments and Accounting Standard for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, the Board pre-estimated the fair value of the Restricted Shares under the First Grant on the date of this announcement (formal estimation will be conducted at the granting of the Restricted Shares). On the Grant Date, the fair value of the Restricted Shares = closing price of A Shares on the Grant Date - Grant Price.

(II) The estimated impact of the Incentive Scheme on operating results

The Company measures the fair value of the Restricted Shares based on the difference between the A Share closing price on the Grant Date and the Grant Price and projects the total amortisation expense of the Restricted Shares to be RMB313.4876 million. Such expenses shall be recognised in phases based on the unlocking proportions during the implementation of the Incentive Scheme in recurring profit or loss. The estimated effect of the First Grant of the Restricted Shares under the Incentive Scheme on the accounting costs incurred in each accounting period is as follow:

Number of Restricted Shares to be granted under the First Grant (Million Shares)	Total amortisation cost (RMB million)	2020 (RMB million)	2021 (RMB million)	2022 (RMB million)	2023 (RMB million)	2024 (RMB million)
95.10	313.4876	9.4047	112.8556	108.5451	58.2565	24.4259

Note: the above are preliminary estimates made by the Company on the assumptions of the currently available data. Actual amounts shall be ascertained using fair values of the Restricted Shares that are measured on the actual Grant Date, which are subject to the amounts audited by the accounting firm.

As the Unlocking Conditions under the Scheme are based on operating results, the above costs of implementing the Incentive Scheme will not cause a material impact on the net profit of the Company.

After the Restricted Shares are granted, the Company shall disclose the audited costs of implementing the Incentive Scheme, the recognised expenses in each financial year as well as the cumulative expenses in the annual reports.

Grant of Restricted A Shares to the Connected Participants under the Incentive Scheme

The Company may grant Restricted A Shares to the Connected Participants under the Incentive Scheme. Connected Participants involve, among others, the Directors whom will be granted the Restricted A Shares by the Company.

In respect of the First Grant, the below Connected Participants are the Directors of the Company. Details of the Restricted Shares which may be granted to such Connected Participants are set out below:

Name	Position	Total number of the Restricted Shares to be granted (Million Shares)	Approximate proportion of the total number of the Restricted Shares to be granted under the Incentive Scheme	Approximate proportion of the total share capital
Chen Jinghe	Chairman	1.10	1.10%	0.0043%
Zou Laichang	President	1.10	1.10%	0.0043%
Lan Fusheng	Vice-chairman	0.75	0.75%	0.0030%
Lin Hongfu	Standing Vice-president	0.75	0.75%	0.0030%
Lin Hongying	Vice-president	0.75	0.75%	0.0030%
Xie Xionghui	Vice-president	0.75	0.75%	0.0030%
Total		5.20	5.20%	0.0205%

Ancillary matters relating to the proposed adoption of the Restricted A Share Incentive Scheme

Reasons for and benefits of adoption of the Restricted A Share Incentive Scheme and grant of Restricted A Shares to the Connected Participants under the Incentive Scheme

Please refer to the section headed “Purpose of implementing the Incentive Scheme” of this announcement.

The Incentive Scheme aims at, among others, further establishing and perfecting the Company’s long-term incentive mechanism, attracting and retaining outstanding talents, fully mobilising the enthusiasm of the Company’s employees, and effectively aligning the interests of the Shareholders, the Company and the operators.

Information of the Company

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

Information of the Connected Participants

The Connected Participants are the Participants who are the Connected Persons of the Company.

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 such any other actions as are in its discretion necessary to effect and complete the adoption of the Restricted A Share Incentive Scheme.

The adoption of the Restricted A Share Incentive Scheme and grant of Restricted A Shares to the Connected Participants under the Incentive Scheme will not lead to changes in the right of control of the Company

As at the date of this announcement, 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. If the Company issues a maximum of 100 million Restricted A Shares and the Company's RMB6 billion A Share convertible corporate bonds issued in 2020 were fully converted into A Shares at the initial conversion price of RMB7.01/A Share, Minxi Xinghang will still remain the Substantial Shareholder of the Company.

Therefore, the adoption of the Restricted A Share Incentive Scheme and grant of Restricted A Shares to the Connected Participants under the Incentive Scheme will not lead to changes in the right of control of the Company, and will not lead to a distribution of shareholding which fails to satisfy relevant listing conditions.

Implications under the Listing Rules

The Incentive Scheme does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules.

Pursuant to Rule 19A.38 of the Listing Rules, the proposed adoption of the Restricted A Share Incentive Scheme is subject to the approvals of the Shareholders at the EGM and the Class Meetings.

Certain Participants of the First Grant are the Connected Participants, who are the Connected Persons of the Company. Grant of Restricted A Shares to the Connected Participants under the Incentive Scheme constitutes a Connected Transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

Chen Jinghe, Lan Fusheng, Zou Laichang, Lin Hongfu, Lin Hongying and Xie Xionghui, the Directors who are the Connected Participants of the Incentive Scheme, were considered as having material interests of the Incentive Scheme, and accordingly each of them was required to abstain from voting in the Board meeting in respect of the relevant resolutions to approve the proposed adoption of the Restricted A Share Incentive Scheme. All remaining Directors who were entitled to vote unanimously approved the above resolutions.

The format and procedure for passing the resolutions were in compliance with the Company Law 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 other Directors have abstained from voting on the remaining Board resolution at the abovementioned Board meeting.

An Independent Board Committee will be established to give recommendations to the Independent Shareholders in respect of grant of Restricted A Shares to the Connected Participants under the Incentive Scheme and the transactions contemplated thereunder. An Independent Financial Adviser will also be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of the grant of Restricted A Shares to the Connected Participants under the Incentive Scheme 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.

EGM and the Class Meetings

An EGM will be convened by the Company and held for the purpose of, inter alia, considering and approving the adoption of the Restricted A Share Incentive Scheme 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 adoption of the Restricted A Share Incentive Scheme and the related matters. Pursuant to Rule 14A.36 of the Listing Rules, any Shareholder who has a material interest in the Restricted A Share Incentive Scheme shall abstain from voting on the resolution to approve the adoption of the Restricted A Share Incentive Scheme at the EGM. Accordingly, the Connected Participants and their Associates shall abstain from voting in respect of the resolution relating to the adoption of the Restricted A Share Incentive Scheme.

Pursuant to Rule 19A.39A of the Listing Rules, a Circular containing further details of the proposed adoption of the Restricted A Share Incentive Scheme and Grant of Restricted A Shares to the Connected Participants under the Incentive Scheme will be issued by the Company and dispatched to the H Shareholders in due course.

This announcement is written in both Chinese and English. In the case of any discrepancies, the Chinese version shall prevail over its English version.

Definitions

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

“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
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	Exchange
“A Shareholder(s)”	holder(s) of A Share(s)
“A Shareholders’ Class Meeting”	the class meeting of the A Shareholders proposed to be convened by the Company to consider and, if thought fit, approve, among other things, adoption of the Restricted A Share Incentive Scheme and the related matters
“Administrative Measures”	Measures for the Administration of Equity Incentives of Listed Companies
“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
“Circular”	the circular to be dispatched to the H Shareholders in relation to the proposal for convention of the EGM and the Class Meetings (if applicable) for the consideration and approval of, among other things, adoption of the Restricted A Share Incentive Scheme and the related matters
“Class Meetings”	the A Shareholders’ Class Meeting and the H Shareholders’ Class Meeting
“Company”	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
“Company Law”	the Company Law of the PRC
“Connected Participant(s)”	the Participant(s) who is/are Connected Person(s) of the Company
“Connected Person(s)”	has the meaning ascribed thereto under the Listing Rules
“Connected Transaction”	has the meaning ascribed thereto under the Listing Rules
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting proposed to be convened by the Company to consider and, if thought fit, approve, among other things, adoption of the Restricted A Share Incentive Scheme and the related matters
“First Grant”	the proposed grant of 95,100,000 Restricted A Shares to the Participants pursuant to the Incentive Scheme
“Grant Date”	the date on which the Company grants the Restricted A Shares to the Participants, which shall be a trading day
“Grant Price”	the price of each Restricted A Share to be granted to the Participants
“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 class meeting of the H Shareholders proposed to be convened by the Company to consider and, if thought fit, approve, among other things, adoption of the Restricted A Share Incentive Scheme and the related matters
“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 comprising all independent non-executive Directors to be established by the Company to advise the Independent Shareholders in relation to grant of Restricted A Shares to the Connected Participants under the Incentive Scheme
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of grant of Restricted A Shares to the Connected Participants under the Incentive Scheme
“Independent Shareholder(s)”	any Shareholder(s) of the Company that is not required to abstain from voting at the EGM to approve the grant of Restricted A Shares to the Connected Participants under the Incentive Scheme and the related matters
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Lock-up Period(s)”	the period(s) during which the Restricted Shares to be granted to the Participants under the Incentive Scheme shall not be transferred, pledged or used for repayment of debt
“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 holding approximately 23.97% of the number of total issued Shares as at the date of this announcement
“Participant(s)”	the Director(s), senior and middle-level management, senior technical personnel, outstanding youth talent(s), highly educated talent(s) and other employee(s) whom the Company considers to have a direct impact on the Company’s operating results and future development and whom will be granted the Restricted Shares pursuant to the Incentive Scheme
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong SAR, Macau SAR and Taiwan
“Regulatory Notice”	the Notice on Issues concerning Regulating the Implementation of the Equity Incentive System of State-owned Listed Companies (Guo Zi Fa Fen Pei [2008] No. 171)
“Reserved Portion” or	the reserved A Share(s) to be granted to the Participants under the Incentive

“Reserved Share(s)”	Scheme, the number of which shall not exceed 4,900,000 A Shares
“Restricted A Share(s)” or “Restricted Share(s)”	the A Share(s) to be granted to the Participants by the Company according to the conditions and price stipulated in the Incentive Scheme which are subject to the Lock-up Period(s) and can only be unlocked and transferred after satisfaction of the Unlocking Conditions as stipulated in the Incentive Scheme
“Restricted A Share Incentive Scheme”, “Incentive Scheme” or “Scheme”	the Restricted A Share Incentive Scheme for 2020 of Zijin Mining Group Co., Ltd.*
“RMB”	Renminbi, the lawful currency of the PRC
“SASAC of Lonyan City”	the State-owned Assets Supervision and Administration Commission of the People’s Government of Longyan City
“Securities Law”	the Securities Law of the PRC
“Shanghai Stock Exchange” or “Stock Exchange”	Shanghai Stock Exchange of the PRC
“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
“Substantial Shareholder”	has the meaning ascribed thereto under the Listing Rules
“Supervisor(s)”	the supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company
“Trial Measures”	the Trial Measures on Implementation of Equity Incentive Schemes by State-owned Listed Companies (Domestic) (Guo Zi Fa Fen Pei [2006] No. 175)
“Unlocking Condition(s)”	the condition(s) prescribed in the Incentive Scheme which have to be satisfied to unlock the Restricted Shares granted to the Participants
“Unlocking Period(s)”	the period(s) during which the Restricted Shares held by the Participants can be unlocked and transferred after all the Unlocking Conditions prescribed under the Incentive Scheme are satisfied
“%”	per cent

Investors and Shareholders are advised by the Board to exercise caution when dealing in the securities of the Company.

As at the date of this announcement, 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.

By Order of the Board of Directors
Zijin Mining Group Co., Ltd.*
Chen Jinghe
Chairman

17 November 2020, Fujian, the PRC

** The Company's English name are for identification purpose only*