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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.*



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;**
- (3) AMENDMENT TO THE REMUNERATION AND ASSESSMENT PROPOSAL OF DIRECTORS AND SUPERVISORS OF THE SEVENTH TERM;**
- (4) PROPOSED ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR;**
- (5) SHELF OFFERING OF CORPORATE BONDS**



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

A letter from the Board is set out on pages 6 to 50 of this circular. A letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on page 51 of this circular. A letter from the Independent Financial Adviser, Messis Capital Limited, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 52 to 70 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 Tuesday, 29 December 2020 at 9 a.m. and 10:30 a.m., respectively, are set out on pages 126 to 134 of this circular.

The reply slips, proxy forms and the Proxy Forms for Solicitation 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 Monday, 28 December 2020.

Whether or not you are able to attend the respective meetings, please complete the applicable proxy form(s) and/or the Proxy Form(s) for Solicitation in accordance with the instructions printed thereon. The applicable proxy form(s) and/or the Proxy Form(s) for Solicitation 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

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 is/are listed on the Shanghai Stock Exchange;
“A Shareholder(s)”	holder(s) of A Share(s);
“A Shareholders’ Class Meeting”	the third A Shareholders’ class meeting in 2020 to be held by the Company 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 Tuesday, 29 December 2020 at 10 a.m.;
“Administrative Measures”	Measures for the Administration of Equity Incentives of Listed Companies;
“Announcement”	the announcement of the Company dated 17 November 2020 in relation to proposed adoption of the Restricted A Share Incentive Scheme and the Connected Transaction of grant of Restricted A Shares to the Connected Participants under the Incentive Scheme;
“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;
“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 the Connected Person(s) of the Company;

DEFINITIONS

“Connected Person(s)”	has/have 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 third extraordinary general meeting in 2020 to be held by the Company 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 Tuesday, 29 December 2020 at 9 a.m.;
“Employee Stock Ownership Scheme”	Phase 1 of the Employee Stock Ownership Scheme of Zijin Mining Group Co., Ltd.*;
“First Grant”	the proposed grant of 97,490,000 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 is/are listed on the Hong Kong Stock Exchange;
“H Shareholder(s)”	holder(s) of H Share(s);
“H Shareholders’ Class Meeting”	the third H Shareholders’ class meeting in 2020 to be held by the Company 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 Tuesday, 29 December 2020 at 10:30 a.m.;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;

DEFINITIONS

“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Independent Board Committee”	the independent board committee comprising all independent non-executive Directors established by the Company to advise the Independent Shareholders in relation to the grant of Restricted A Shares to the Connected Participants under the Incentive Scheme;
“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 grant of Restricted A Shares to the Connected Participants under the Incentive Scheme;
“Independent Shareholder(s)”	any Shareholder(s) of the Company that is/are 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;
“Latest Practicable Date”	7 December 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;
“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 total number of issued Shares as at the Latest Practicable Date;

DEFINITIONS

“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 but for the purpose of this circular, excludes Hong Kong SAR, Macau SAR and Taiwan;
“Proxy Form(s) for Solicitation”	the Proxy Form for H Shareholders for the Solicitation of Voting Rights by Independent Non-executive Director for the Third Extraordinary General Meeting in 2020 and/or the Proxy Form for H Shareholders for the Solicitation of Voting Rights by Independent Non-executive Director for the Third H Shareholders’ Class Meeting in 2020 dispatched by the Company to the H Shareholders on 11 December 2020;
“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 “Reserved Share(s)”	the reserved A Share(s) to be granted to the Participants under the Incentive Scheme, the number of which shall not exceed 2,510,000 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 is/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;

DEFINITIONS

“SASAC of Longyan 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;
“SFO”	Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong);
“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 the Unlocking Conditions prescribed under the Incentive Scheme are satisfied;
“%”	per cent.

LETTER FROM THE BOARD



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

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

No. 1 Zijin Road
Shanghang County
Fujian Province
The PRC

Non-executive Director:

Li Jian

Place of business in Hong Kong:

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

Independent non-executive Directors:

Zhu Guang
Mao Jingwen
Li Changqing
He Fulong
Suen Man Tak

11 December 2020

To the Shareholders

Dear Sir/Madam,

- (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;**
- (3) AMENDMENT TO THE REMUNERATION AND ASSESSMENT PROPOSAL OF DIRECTORS AND SUPERVISORS OF THE SEVENTH TERM;**
- (4) PROPOSED ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR;**
- (5) SHELF OFFERING OF CORPORATE BONDS**

1. INTRODUCTION

Reference is made to the Announcement of the Company dated 17 November 2020 in relation to proposed adoption of the Restricted A Share Incentive Scheme and the Connected Transaction of grant of Restricted A Shares to the Connected Participants under the Incentive Scheme.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with information in relation to proposed adoption of the Restricted A Share Incentive Scheme, which is among the proposals to be proposed at the EGM, 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 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 approval of the SASAC of Longyan City and the approval 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. Purposes of implementing the Incentive Scheme

For the purposes 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.

LETTER FROM THE BOARD

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 Latest Practicable Date. Specifically, 97,490,000 A Shares are proposed to be granted under the First Grant, accounting for approximately 0.38% of the Company's total share capital as at the Latest Practicable Date, and approximately 97.49% of the total Restricted Shares to be granted; not more than 2,510,000 A Shares shall be reserved, accounting for approximately 0.01% of the Company's total share capital as at the Latest Practicable Date, and approximately 2.51% 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 Latest Practicable Date.

During the period from the date of the 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.

LETTER FROM THE BOARD

(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 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 the expiry 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.

LETTER FROM THE BOARD

(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. (685 persons in total)		87.79	87.79%	0.34%
Reserved Portion		2.51	2.51%	0.01%
Total		100.00	100.00%	0.39%

Notes:

- The Supervisors are excluded from the abovementioned personnel.
- 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 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 the expiry 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.

LETTER FROM THE BOARD

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) Methods of 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 announcement of the Restricted A Share Incentive Scheme for 2020 (Draft) (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 announcement of the Restricted A Share Incentive Scheme for 2020 (Draft) (i.e., RMB7.56 per A Share).

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

The Grant Price of the Reserved Shares shall be the same as that of the portion of Restricted Shares granted under the First Grant, i.e., RMB4.95 per A Share. Before the Reserved Shares are granted, a Board meeting shall be convened to consider and approve the relevant proposals. Details relating to the grant shall be announced accordingly.

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 is from the date of registration of the Restricted Shares under the First Grant 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.

LETTER FROM THE BOARD

(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 resolutions 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 Shares 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 shareholding reduction in accordance with the provisions of short-swing trading of the Securities Law.

LETTER FROM THE BOARD

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 and the reserved 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 the expiry of the 24-month period from the date of completion of registration of the Restricted Shares being granted respectively 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 respectively	33%

LETTER FROM THE BOARD

Phase of unlocking	Unlocking Period	Percentage of Restricted Shares to be unlocked
The Second Unlocking Period for the Restricted Shares granted under the First Grant and the reserved grant	Commencing from the first trading day after the expiry of the 36-month period from the date of completion of registration of the Restricted Shares being granted respectively 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 respectively	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 the expiry of the 48-month period from the date of completion of registration of the Restricted Shares being granted respectively 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 respectively	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 6 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 being purchased in the last 6 months, or purchases Shares in the 6 months following a disposal, all gains arising therefrom shall belong to the Company and be recovered by the Board.

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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 the 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 the 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. Conversely, 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 most recent 36 months after listing;
 4. prohibition from implementation of any equity incentives 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;

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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 incentives 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 incentives 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;

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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 incentives 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 and the reserved grant of the Incentive Scheme is the three accounting years from 2021 to 2023. 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 annual 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 annual 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

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Unlocking Period

Performance appraisal targets

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 annual 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 annual 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 annual 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 annual 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

Note: 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.

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(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 risen to the top three places in the domestic mining industry, the domestic mining enterprises with large principal business 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 the company level and performance appraisal at the individual level.

Performance appraisal indicators at the company level include the annual compound growth rate of net profit attributable to owners of the parent and return on net assets. The annual 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 annual 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.

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In addition to the performance appraisal at the 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 sets of indicators are met at the same time can the Restricted Shares be unlocked and the Participants be entitled 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 the 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 per Share (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.

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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 Share); 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 the 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 per Share; 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.

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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 Grant 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 proposals relating to adjustments to the number and the Grant Price of the Restricted Shares. The Company shall engage a legal adviser to provide professional opinion to the Board on whether such adjustments are in compliance with the provisions of the Administrative Measures, the Articles of Association and the Incentive Scheme. Upon consideration and approval of the Board over the adjustment proposals, the Company shall disclose 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 repurchasing the Restricted Shares.

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- (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 as well as the consideration and approval at the Shareholders' General Meetings. Before convening the Shareholders' General Meetings, the Company shall publicise the list of the Participants internally for at least 10 days, either on the Company's website or through 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 equity incentive agreements 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.

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- (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 periods 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 batches 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.

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- (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 and class 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 and class 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.

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- (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 rights 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 respective 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 for the purpose of obtaining 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.

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(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 conducts, 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 Periods, 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 fund.
- (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 under 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 under the Incentive Scheme shall be explicitly stipulated.
- (8) Other relevant rights and obligations as stipulated by laws, regulations and the Incentive Scheme.

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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 most recent 36 months after listing;
4. prohibition from implementation of any equity incentives 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 separation 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. A Participant not being responsible for any of the aforesaid matters returns the entitlements granted and thereby suffers losses 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.

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(II) Changes to the individual circumstances of the Participants

- (I) Where the job title of a Participant is changed but the Participant remains employed by the Company or its subsidiaries or branches, the procedures stipulated in the Incentive Scheme before the change in job title shall apply in full 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 interests 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 severely impaired the interests or reputation of the Company, or 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 his or her 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.

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

1. Where a Participant leaves his or her 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 in full 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 his or her office due to 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 not unlocked, 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, 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.

(VI) Matters which are not specified in the Scheme and the methods of handling such matters shall be determined 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 fails, litigation may be instigated at a competent People's Court in the Company's place of domicile.

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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 of each Share (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 Share).

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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) Procedures 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 and class meetings for approval in accordance with the provisions of the Incentive Scheme, and make announcement accordingly in a timely manner.

(III) Procedures for 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 and class 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.

LETTER FROM THE BOARD

(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 the 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.

LETTER FROM THE BOARD

(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 RMB321.366 million. Such expense 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 expense (RMB million)	2020	2021	2022	2023	2024
		(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)
97.49	321.3660	9.6410	115.6918	111.2730	59.7205	25.0398

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.

Based on the performance-linked Unlocking Conditions under the Scheme, 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 recognised expenses in the annual reports.

LETTER FROM THE BOARD

3. CONNECTED TRANSACTION – 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. Under the First Grant, the below Participants are the executive Directors and director of the Company's significant subsidiary, and therefore the Connected Persons of the Company (but not including persons who are not regarded as the Connected Persons of the Company pursuant to Rule 14A.09 of the Listing Rules). The details of the Restricted Shares to be granted to them are as follows:

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%
Total (7 persons)		5.95	5.95%	0.0234%

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 non-exempt Connected Transaction of the Company and is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules.

LETTER FROM THE BOARD

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 in 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 procedures 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 Incentive Scheme. In addition, no other Directors have abstained from voting on the remaining Board resolution at the abovementioned Board meeting.

In addition, subsequent grant of the Reserved Shares pursuant to the Incentive Scheme may involve the Connected Persons of the Company and, in such circumstances, will constitute non-exempt Connected Transaction of the Company which is subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. At that time, the Company will comply with all applicable requirements pursuant to the Listing Rules.

An Independent Board Committee has been 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 has also been appointed by the Company to advise the Independent Board Committee and the Independent Shareholders as to whether the terms of 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.

The Company shall comply with the minimum public float requirements under the Listing Rules for any grant of Restricted A Shares under the Incentive Scheme.

Reasons for and benefits of adoption of the Incentive Scheme

Please refer to the section headed "PROPOSED ADOPTION OF THE RESTRICTED A SHARE INCENTIVE SCHEME" of this letter from the Board for reference.

The Incentive Scheme aims to, among others, further establish and perfect the Company's long-term incentive mechanism, attract and retain outstanding talents, fully mobilise the enthusiasm of the Company's employees, effectively align the interests of the Shareholders, the Company and the operators.

LETTER FROM THE BOARD

The Board considered that as the Company's implementation of the Incentive Scheme is beneficial for optimising the Company's corporate governance structure, perfecting the Company's appraisal and incentive mechanism and promoting its sustainable development, the adoption of the Restricted A Share Incentive Scheme will not prejudice the interests of the Company and its Shareholders.

Information of the Company

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

Information of the Participants

The Participants are 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 and whom will be granted the Restricted Shares pursuant to the Incentive Scheme.

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

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

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 will not lead 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. 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 are 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 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.

LETTER FROM THE BOARD

Impact of adoption of the Restricted A Share Incentive Scheme on the shareholding structure of the Company

The shareholding structures of the Company as at the Latest Practicable Date and immediately upon completion of the Restricted A Share Incentive Scheme (the “Completion Date”) (assuming that (i) the Company has issued a total of 100,000,000 Restricted A Shares (being the maximum number of Restricted A Shares that can be issued pursuant to the Incentive Scheme); and (ii) no A Share convertible corporate bond issued by the Company in 2020 has been converted by the A Shareholder(s) as at the Latest Practicable Date and the Completion Date) (the “Calculation Assumptions”) are as follows (the below table is prepared pursuant to the requirements of the Listing Rules and is for illustrative purpose only):

	As at the Latest Practicable Date			As at the Completion Date (based on the Calculation Assumptions)		
	Number of Shares	Approximate percentage of the total number of A Shares issued	Approximate percentage of the total number of Shares issued	Number of Shares	Approximate percentage of the total number of A Shares issued	Approximate percentage of the total number of Shares issued
A Shareholders						
Substantial Shareholder						
Minxi Xinghang	6,083,517,704	30.97%	23.97%	6,083,517,704	30.82%	23.88%
Directors						
Chen Jinghe	62,000,000	0.32%	0.24%	63,100,000	0.32%	0.25%
Lan Fusheng	7,730,510	0.04%	0.03%	8,480,510	0.04%	0.03%
Zou Laichang	1,623,050	0.01%	0.01%	2,723,050	0.01%	0.01%
Lin Hongfu	978,938	0.01%	0.01%	1,728,938	0.01%	0.01%
Lin Hongying	227,000	0.01%	0.01%	977,000	0.01%	0.01%
Xie Xionghui	149,000	0.01%	0.01%	899,000	0.01%	0.01%
Supervisors						
Lin Shuiqing	300,000	0.01%	0.01%	300,000	0.01%	0.01%
Liu Wenhong	26,450	0.01%	0.01%	26,450	0.01%	0.01%
Cao Sanxing	124,000	0.01%	0.01%	124,000	0.01%	0.01%
Other Connected Participant						
Shen Shaoyang	251,000	0.01%	0.01%	1,001,000	0.01%	0.01%
Other A Shareholders						
(including the Employee Stock Ownership Scheme)	13,483,392,294	68.59%	53.07%	13,577,442,294	68.74%	53.24%

LETTER FROM THE BOARD

	As at the Latest Practicable Date			As at the Completion Date (based on the Calculation Assumptions)		
	Number of Shares	Approximate percentage of the total number of issued A Shares	Approximate percentage of the total number of issued Shares	Number of Shares	Approximate percentage of the total number of issued A Shares	Approximate percentage of the total number of issued Shares
H Shareholders						
Director						
Chen Jinghe	20,000,000	-	0.08%	20,000,000	-	0.08%
Supervisor						
Liu Wenhong	10,000	-	0.01%	10,000	-	0.01%
Other H Shareholders	5,716,930,000	-	22.52%	5,716,930,000	-	22.43%
	<u>25,377,259,946</u>	<u>100%</u>	<u>100%</u>	<u>25,477,259,946</u>	<u>100%</u>	<u>100%</u>

Proposal in relation to authorisation to the Board to handle all the matters relating to the Restricted A Share Incentive Scheme for 2020 of the Company

To implement the specific matters relating to the Incentive Scheme, the Board proposes that the Shareholders' General Meetings authorise the Board to deal with the following matters pertaining to the Incentive Scheme:

- (I) It is proposed that the Shareholders' General Meetings authorise the Board to be specifically responsible for implementing the following matters pertaining to the Incentive Scheme:
1. To authorise the Board to determine the Grant Date of the Incentive Scheme;
 2. To authorise the Board to adjust the numbers of the Restricted Shares and underlying Shares correspondingly in accordance with the methods prescribed in the Incentive Scheme in case of conversion of capital reserve into share capital, bonus issue, share split or share consolidation and rights issue, etc.;
 3. To authorise the Board to adjust the Grant Price and repurchase price of the Restricted Shares correspondingly in accordance with the methods prescribed in the Incentive Scheme in case of conversion of capital reserve into share capital, bonus issue, share split or share consolidation, rights issue and dividend distribution, etc.;

LETTER FROM THE BOARD

4. To authorise the Board to grant the Restricted Shares to the Participants and deal with all the matters necessary for the grant of the Restricted Shares, including but not limited to signing equity incentive agreements with the Participants, when the Participants meet the stipulated conditions;
5. To authorise the Board to review and confirm the qualifications of the Participants for unlocking the Restricted Shares and satisfaction of the Unlocking Conditions, and allow the Board to delegate the exercise of such powers to the nomination and remuneration committee;
6. To authorise the Board to determine whether the Restricted Shares held by the Participants can be unlocked;
7. To authorise the Board to deal with all the matters necessary for unlocking the Restricted Shares held by the Participants, including but not limited to applying to the Stock Exchange for unlocking, applying to the depository and clearing company for registration and settlement, amending the Articles of Association, handling registration for change of registered capital;
8. To authorise the Board to handle matters relating to the selling restrictions of the Restricted Shares not yet unlocked;
9. To authorise the Board to handle the changes and termination of the Incentive Scheme, including but not limited to disqualifying the Participants from unlocking the Restricted Shares held by such Participants, dealing with the repurchase and cancellation of the Restricted Shares which are not unlocked, dealing with the inheritance of the Restricted Shares which are held by deceased Participants and not yet unlocked and termination of the Incentive Scheme;
10. To authorise the Board to manage and adjust the Incentive Scheme, and formulate or amend the management and implementation rules of the Incentive Scheme from time to time on the premise of ensuring compliance with the terms of the Incentive Scheme. In the event that the amendments are subject to approvals at the shareholders' general meetings, class meetings, and/or that of the relevant regulatory authorities as stipulated by laws, regulations or the requirements of the relevant regulatory authorities, such amendments by the Board shall be subject to the relevant approvals;
11. To authorise the Board to implement other matters as required by the Incentive Scheme, save for matters which are specifically required by the relevant documents to be subject to the exercise of rights by the shareholders' general meetings and class meetings.

LETTER FROM THE BOARD

When the Board implements the aforesaid matters of the Incentive Scheme, if, solely by reason of connected Directors recusing from attendance of a Board meeting that the number of unconnected Directors present at the meeting is less than three, it is not necessary to resubmit the relevant authorised matters to the shareholders' general meetings and class meetings for consideration.

- (II) It is proposed that the Shareholders' General Meetings authorise the Board to complete review, registration, filing, approval, consent and other procedures in connection with the Incentive Scheme with the relevant government departments and authorities; to sign, execute, amend and complete the documents to be submitted to the relevant government departments, authorities, organisations and individuals; to amend the Articles of Association and handle registration of change of registered capital; and to take all other actions which the Board considers necessary, appropriate or expedient in relation to the Incentive Scheme.
- (III) It is proposed that the Shareholders' General Meetings authorise the Board to appoint financial advisers, receiving banks, accountants, lawyers and other intermediary agencies for the purpose of implementing the Incentive Scheme.
- (IV) It is proposed that the Shareholders' General Meetings approve the term of the grant of authorisation to the Board to be consistent with the validity period of the Incentive Scheme.

Save for matters which are specifically stipulated by laws, regulations, regulatory documents, the Incentive Scheme or the Articles of Association to be approved by way of Board resolution, the aforesaid authorised matters may be directly dealt with by the chairman of the Board (or by appropriate persons whom he delegates) on behalf of the Board.

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

4. AMENDMENT TO THE REMUNERATION AND ASSESSMENT PROPOSAL OF DIRECTORS AND SUPERVISORS OF THE SEVENTH TERM

In order to develop into a first-class global mining company, ensure the Company meets the requirements relating to sustainable development and ESG work, and further arouse the initiative and sense of responsibility of the Company's Directors and Supervisors, on the basis of the resolution passed at the twenty-fourth extraordinary meeting in 2020 of the seventh term of the Board, the Company proposes to amend the Remuneration and Assessment Proposal of Directors and Supervisors of the Seventh Term, which has been considered and approved at the Company's second extraordinary general meeting in 2019. Details are set out in Appendix 3 to this circular.

LETTER FROM THE BOARD

5. PROPOSED ELECTION OF INDEPENDENT NON-EXECUTIVE DIRECTOR

For the purpose of further improving the Company's governance structure, pursuant to the Company Law, the Articles of Association and other relevant regulations, the nomination and remuneration committee of the Board proposes to supplementarily elect Mr. Bo Shaochuan as an independent non-executive Director of the seventh term of the Board to increase the number of independent non-executive Directors and fill the vacancy of the Board. The term of office of the independent non-executive Director proposed to be elected shall commence on the date of approval at the EGM and expire on the date of end of term of the seventh term of the Board.

The nomination and remuneration committee of the Board and the independent non-executive Directors have issued their opinions on the matter and agreed to nominate Mr. Bo Shaochuan as the Company's independent non-executive Director.

Election of the abovementioned independent non-executive Director candidate is subject to the consideration and approval at the EGM. It is also proposed that the Board be authorised at the EGM to process with the filing, industrial and commercial registration procedures and other relevant matters.

The biography of Mr. Bo Shaochuan is set out in Appendix 4 to this circular.

6. SHELF OFFERING OF CORPORATE BONDS

Proposal in relation to shelf offering of corporate bonds by the Company

In July 2018, the Shanghai Stock Exchange launched the policy in relation to shelf offering of corporate bonds for the purpose of encouraging "well-known and mature issuers" to apply for shelf offering of corporate bonds. In order to control the general debt level of the Company, optimise debt structure, meet the current and future funding needs in a flexible and effective manner, as well as establishing a long-term, cost-saving and multi-layer financing mechanism, the Company proposes to apply for issuance of corporate bonds by way of shelf offering of not more than RMB10 billion (RMB10 billion inclusive), and to issue corporate bonds with an outstanding principal of not more than RMB10 billion (RMB10 billion inclusive) either on a one-off basis or in tranches at suitable times based on actual funding requirements (the "Issuance"). The Company has satisfied the various conditions for public issuance of corporate bonds under the applicable regulatory rules for financing optimisation as stipulated in the laws, regulations and regulatory documents that are currently in force.

(1) Par value and size of the Issuance

The par value of the corporate bonds to be issued under the Issuance shall be RMB100 and the size of the Issuance shall not exceed RMB10 billion (RMB10 billion inclusive).

LETTER FROM THE BOARD

(2) Coupon rates or their determination methods

It is proposed that the Board or its authorised persons be authorised at the EGM to determine with the lead underwriter the coupon rates of the corporate bonds to be issued under the Issuance as well as their calculation and payment methods based on the provisions of the relevant laws and market conditions.

(3) Term and types of the bonds

The bonds to be issued under the Issuance shall have a term of not more than 10 years (10 years inclusive, inapplicable to renewable corporate bonds) and shall comprise permitted types of bonds under the laws and regulations which are applicable to general types of corporate bonds. It is proposed that the Board or its authorised persons be authorised at the EGM to determine the specific term structure, types of the bonds in their respective tranches as well as size of the Issuance, in accordance with the Company's funding needs before the Issuance and the market conditions prevailing at the time of the Issuance.

(4) Use of proceeds

After deduction of issuance expenses, the proceeds from the Issuance shall be used for supplementing working capital, repayment of bank loans, project construction and other purposes as permitted by the applicable laws and regulations. It is proposed that the Board or its authorised persons be authorised at the EGM to determine the specific use of the proceeds as well as the respective proportion to be used, in accordance with the Company's funding needs before the Issuance and the market conditions prevailing at the time of the Issuance.

(5) Method of the Issuance, targets of the Issuance and placement to existing Shareholders

Upon registration with the CSRC, the corporate bonds to be issued under the Issuance shall be issued on a one-off basis or in tranches to the public investors in the domestic market. The targets of the Issuance shall be the qualified investors pursuant to the Administrative Measures for the Issuance and Trading of Corporate Bonds and other relevant laws, regulations and regulatory documents. It is proposed that the Board or its authorised persons be authorised at the EGM to determine the specific targets of the Issuance in accordance with the relevant laws and regulations, market conditions and the specific matters relating to the Issuance in compliance with the relevant laws.

The bonds to be issued under the Issuance will not be placed to the existing Shareholders in priority.

(6) Guarantee arrangement

The bonds to be issued under the Issuance do not have any guarantee arrangement.

LETTER FROM THE BOARD

(7) Redemption or sell-back provisions

It is proposed that the Board or its authorised persons be authorised at the EGM to determine the redemption or sell-back provisions of the bonds to be issued under the Issuance in accordance with the relevant laws, regulations and market conditions.

(8) Credit standing of the Company and safeguarding measures for repayment

The Company has a good credit standing in the last 3 financial years and the most recent financial period. It is proposed that the Board or its authorised persons be authorised at the EGM to determine the safeguarding measures for repayment in accordance with the relevant laws and regulations.

(9) Underwriting

The unsubscribed portion of the bonds to be issued under the Issuance shall be underwritten by the lead underwriter.

(10) Listing arrangement

It is proposed that the Board or its authorised persons be authorised at the EGM to determine the listing arrangement of the bonds to be issued under the Issuance in accordance with the actual circumstances of the Company, method of issuance and market conditions.

(11) Validity period of the resolution

The resolution at the EGM in relation to the Issuance shall be effective from the day of consideration and approval of the resolution at the EGM to the expiry of 24 months following the registration of the bonds to be issued under the Issuance with the CSRC.

The Company has been authorised at the 2019 annual general meeting to issue domestic and overseas debt financing instruments with an aggregate outstanding balance of not exceeding RMB30 billion (RMB30 billion inclusive) or the equivalent amount in foreign currencies. The aforesaid amount will exclude the RMB10 billion of bonds to be issued under the Issuance. Implementation of the Issuance is subject to consideration and approval at the EGM, as well as the registration of the bonds with the CSRC.

The above proposals have been considered and approved at the twenty-fifth extraordinary meeting in 2020 of the seventh term of the Board and are hereby tabled to the EGM for consideration on each item.

LETTER FROM THE BOARD

Proposal in relation to authorisation to the Board or its authorised persons to handle the matters relating to shelf offering of corporate bonds

In order to complete the Issuance in an effective and orderly manner, the Board proposes that the Board or its authorised persons be authorised at the EGM to handle all the matters relating to the Issuance pursuant to the provisions of the relevant laws, regulations, regulatory documents and the Articles of Association, including but not limited to:

1. pursuant to the provisions of the laws, regulations, regulatory documents and the resolutions of the EGM and taking into account the actual conditions of the Company and the market, formulate and adjust the specific issuance plan for the Issuance, including but not limited to size of the Issuance, term of the bonds, types of the bonds, coupon rates or their determination methods, timing of the Issuance, issuance arrangements (including whether to issue in tranches and the issuance size of each tranche), guarantee arrangements, time and method of repayment of principals and interests, rating arrangements, specific subscription methods, specific placing arrangements, whether to include redemption or sell-back provisions and the details of such provisions, use of proceeds, safeguarding measures for repayment, listing arrangements and all other matters relating to the issuance plan;
2. decide and engage intermediaries to assist the Company in handling the application, reporting and listing matters in relation to the Issuance;
3. select the bond trustee for the Issuance, execute the bond trustee management agreements and their supplemental agreements (if any), and formulate rules including rules on bondholders' meetings;
4. sign, amend, supplement, submit, report and execute all agreements and documents relating to the Issuance and handle all necessary or appropriate procedures of application, approval, registration, filing, etc. relating to the Issuance;
5. deal with the matters of listing and repayment of principals and interests of the corporate bonds to be issued under the Issuance after completion of the Issuance;
6. make relevant adjustments to matters relating to the Issuance according to the advice of regulatory authorities, changes in policies or changes in market conditions, or determine whether to proceed with all or any part of the Issuance in accordance with the actual conditions, save for the matters which require re-voting at the shareholders' general meeting pursuant to the relevant laws, regulations, regulatory documents and the Articles of Association; and
7. deal with other matters in relation to the Issuance within the permitted scope of the relevant laws, regulations, regulatory documents and the Articles of Association.

LETTER FROM THE BOARD

The aforesaid authorisation shall be effective from the day of consideration and approval of such authorisation at the EGM to the expiry of 24 months following the registration of the bonds to be issued under the Issuance with the CSRC.

It is proposed that Ms. Lin Hongying, executive Director and vice-president of the Company, be approved as the authorised person of the Board to exercise the aforesaid authorisation from the day the authorisation is considered and approved at the EGM.

The aforesaid proposal has been considered and approved at the twenty-fifth extraordinary meeting in 2020 of the seventh term of the Board and is hereby tabled to the EGM for the Shareholders' consideration.

7. 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 Tuesday, 29 December 2020 at 9 a.m., 10 a.m. and 10:30 a.m. respectively for the purpose of, inter alia, considering and approving, by the Shareholders, the adoption of the Restricted A Share Incentive Scheme and the related matters. Votes for all resolutions at the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting shall be taken by way of poll.

The Connected Participants (including executive Directors, namely Chen Jinghe, Lan Fusheng, Zou Laichang, Lin Hongfu, Lin Hongying and Xie Xionghui, and a director of the Company's significant subsidiary, namely Shen Shaoyang) and their respective Associates shall abstain from voting in respect of the resolutions relating to adoption of the Restricted A Share Incentive Scheme at the EGM, the A Shareholders' Class Meeting (where applicable) and the H Shareholders' Class Meeting (where applicable).

LETTER FROM THE BOARD

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the following Shareholders, also being the Participants under the First Grant and thus having interests in the resolutions in relation to adoption of the Restricted A Share Incentive Scheme to be proposed at the EGM, the A Shareholders' Class Meeting (where applicable) and the H Shareholders' Class Meeting (where applicable), and will abstain from voting on such resolutions at the abovementioned meetings (where applicable):

Name	Position	Approximate percentage of the total number of issued A Shares as at the Latest Practicable Date		Approximate percentage of the total number of issued H Shares as at the Latest Practicable Date		Total number of Shares held as at the Latest Practicable Date	Approximate percentage of the total number of issued Shares as at the Latest Practicable Date
		Number of A Shares held as at the Latest Practicable Date	Shares as at the Latest Practicable Date	Number of H Shares held as at the Latest Practicable Date	Shares as at the Latest Practicable Date		
Chen Jinghe	Chairman	62,000,000	0.32%	20,000,000	0.35%	82,000,000	0.32%
Lan Fusheng	Vice-chairman	7,730,510	0.04%	-	-	7,730,510	0.03%
Zou Laichang	President	1,623,050	0.01%	-	-	1,623,050	0.01%
Lin Hongfu	Standing vice-president	978,938	0.01%	-	-	978,938	0.01%
Lin Hongying	Vice-president	227,000	0.01%	-	-	227,000	0.01%
Xie Xionghui	Vice-president	149,000	0.01%	-	-	149,000	0.01%
Shen Shaoyang	Vice-president	251,000	0.01%	-	-	251,000	0.01%
Total		72,959,498	0.37%	20,000,000	0.35%	92,959,498	0.37%

As at the Latest Practicable Date, to the best of the knowledge of the Directors after making all reasonable enquiries, except for the abovementioned Shareholders and other Participants under the Incentive Scheme holding Shares (collectively, the "Abstaining Shareholders") and their respective Associates who have interests in, and are required to abstain from voting on such resolutions at the EGM, the A Shareholders' Class Meeting (where applicable) and the H Shareholders' Class Meeting (where applicable), no other Shareholders have to abstain from voting on relevant resolutions to be proposed at the abovementioned meetings (where applicable).

LETTER FROM THE BOARD

As far as the Company is aware of, having made all reasonable enquiries, as at the Latest Practicable Date:

- (a) the Abstaining Shareholders and their respective Associates controlled or were entitled to exercise control over the voting right in respect of their respective Shares;
- (b) (i) there were no voting trusts or other agreements or arrangements or understanding (other than an outright sale) entered into by or binding upon any of the Abstaining Shareholders or their respective Associates;
- (ii) there were no obligations or entitlements of the Abstaining Shareholders or their respective Associates, whereby they had or might have temporarily or permanently passed control over the exercise of the voting rights in respect of their respective Shares to a third party, either generally or on a case-by-case basis; and
- (c) there is no discrepancy between the beneficial shareholding interest of the Abstaining Shareholders or their respective Associates in the Company as disclosed in this circular and the number of Shares in respect of which they will control or will be entitled to exercise control over the voting rights at the EGM and the Class Meetings where relevant resolutions will be proposed to approve, among other things, the adoption of the Restricted A Share Incentive Scheme.

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 23 December 2020 (Wednesday) to 29 December 2020 (Tuesday) (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 22 December 2020 (Tuesday). H Shareholders whose names appear on the register of H Shares members on 29 December 2020 (Tuesday) are entitled to attend the EGM and the H Shareholders' Class Meeting.

In accordance with the relevant provisions of the Administration Measures issued by the CSRC, Mr. Zhu Guang, an independent non-executive Director, as the soliciting party, solicits voting rights from all Shareholders in connection with the proposals (1) to consider and approve the proposal in relation to the Restricted A Share Incentive Scheme for 2020 (Revised Draft) and its summary of the Company; (2) to consider and approve the proposal in relation to the Administrative Measures for Implementation of Appraisal for the Restricted A Share Incentive Scheme for 2020 of the Company; and (3) to consider and approve the proposal in relation to authorisation to the Board to handle all the matters relating to the Restricted A Share Incentive Scheme for 2020 of the Company to be proposed at the EGM and the Class Meetings.

LETTER FROM THE BOARD

Any H Shareholder who decides to appoint the soliciting party as a proxy to vote on his/her behalf should appoint Mr. Zhu Guang as his/her proxy for all the special resolutions in the Proxy Form(s) for Solicitation. For details of procedures and steps of solicitation of voting rights and the voting, please refer to the Company's overseas regulatory announcement published on 11 December 2020 in relation to the report of the solicitation of voting rights by the independent non-executive Director.

The reply slips, proxy forms and the Proxy Forms for Solicitation 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 28 December 2020 (Monday).

Whether or not you are able to attend the respective meetings, please complete the applicable proxy form(s) and/or the Proxy Form(s) for Solicitation in accordance with the instructions printed thereon. The applicable proxy form(s) and/or the Proxy Form(s) for Solicitation 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.

8. 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 grant of Restricted A Shares to the Connected Participants under the Incentive Scheme. As at the date of this circular, 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.

9. 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 grant of Restricted A Shares to the Connected Participants under the Incentive Scheme. The Independent Financial Adviser is of the view that grant of Restricted A Shares to the Connected Participants under the Incentive Scheme and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole, and the terms of which 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 recommend the Independent Shareholders, to vote in favour of the relevant proposal to be proposed at the EGM to approve grant of Restricted A Shares to

LETTER FROM THE BOARD

the Connected Participants under the Incentive Scheme and the transactions contemplated thereunder. The Directors (including the independent non-executive Directors after receiving the advice from the Independent Financial Adviser) consider that grant of Restricted A Shares to the Connected Participants under the Incentive Scheme 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.

10. 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 page 51 of this circular and the letter from the Independent Financial Adviser set out on pages 52 to 70 of this circular which contains the recommendation of the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of grant of Restricted A Shares to the Connected Participants under the Incentive Scheme 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)

11 December 2020

To the Independent Shareholders

Dear Sir/Madam,

**CONNECTED TRANSACTION – GRANT OF RESTRICTED
A SHARES TO THE CONNECTED PARTICIPANTS
UNDER THE INCENTIVE SCHEME**

We, the Independent Board Committee of Zijin Mining Group Co., Ltd.* (the “Company”), are advising the Independent Shareholders in connection with the Connected Transaction of grant of Restricted A Shares to the Connected Participants under the Incentive Scheme, details of which are set out in the letter from the Board contained in the circular (the “Circular”) of the Company to the Shareholders dated 11 December 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, grant of Restricted A Shares to the Connected Participants under the Incentive Scheme may constitute Connected Transaction of the Company. Accordingly, grant of Restricted A Shares to the Connected Participants under the Incentive Scheme 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 52 to 70 of the Circular, which contains advice and recommendations in respect of grant of Restricted A Shares to the Connected Participants under the Incentive Scheme.

Having considered, inter alia, the terms of grant of Restricted A Shares to the Connected Participants under the Incentive Scheme and reasons considered by, and the recommendations of, the Independent Financial Adviser, as stated in its aforementioned letter, we consider the terms of grant of Restricted A Shares to the Connected Participants under the Incentive Scheme are on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned, grant of Restricted A Shares to the Connected Participants under the Incentive Scheme is conducted in the ordinary and usual course of business of the Company and 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 grant of Restricted A Shares to the Connected Participants under the Incentive Scheme 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of the letter from Messis Capital Limited, the Independent Financial Adviser, to the Independent Board Committee and the Independent Shareholders in respect of the grant of Restricted A Shares to the Connected Participants under the Incentive Scheme and the transactions contemplated thereunder for the purpose of inclusion in this circular.



11 December 2020

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

Dear Sir or Madam,

**(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**

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 grant of Restricted A Shares to the Connected Participants under the Incentive Scheme and the transactions contemplated thereunder, 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 11 December 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.

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 approval of the SASAC of Longyan City and the approval 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.

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. If the Company issues a maximum of 100 million Restricted A Shares and the Company’s RMB6 billion A Shares convertible corporate bonds issued in 2020 are fully converted into A Shares at the initial conversion price of RMB7.01/A Share, Minxi Xinghang

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

will still remain the Substantial Shareholder of the Company. Therefore, the adoption of the Restricted A Share 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.

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 non-exempt 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 in 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 procedures 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 Incentive Scheme. In addition, no Directors have abstained from voting on the remaining Board resolution at the abovementioned Board meeting.

In addition, subsequent grant of the Reserved Shares pursuant to the Incentive Scheme may involve the Connected Persons of the Company and, in such circumstances, will constitute non-exempt Connected Transaction of the Company which is subject to the reporting, announcement and Independent Shareholders' approval requirements pursuant to Chapter 14A of the Listing Rules. At that time, the Company will comply with all applicable requirements pursuant to the Listing Rules.

The Company will convene and hold the EGM, the A Shareholders' Class Meeting and the H Shareholders' Class Meeting respectively for the purpose of, inter alia, considering and approving, by the Shareholders, the adoption of the Restricted A Share Incentive Scheme and the related matters.

The Connected Participants (including executive Directors, namely Chen Jinghe, Lan Fusheng, Zou Laichang, Lin Hongfu, Lin Hongying and Xie Xionghui and director of the Company's significant subsidiary, namely Shen Shaoyang) and their respective Associates shall abstain from voting in respect of the resolutions relating to adoption of the Restricted A Share Incentive Scheme at the EGM, the A Shareholders' Class Meeting (where applicable) and the H Shareholders' Class Meeting (where applicable).

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

As at the Latest Practicable Date, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, each of the Connected Participants and thus having interests in the resolutions in relation to adoption of the Restricted A Share Incentive Scheme to be proposed at the EGM, the A Shareholders' Class Meeting (where applicable) and the H Shareholders' Class Meeting (where applicable), and will abstain from voting on such resolutions at the abovementioned meetings (where applicable).

As at the Latest Practicable Date, to the best of the knowledge of the Directors after making all reasonable enquiries, except for the Connected Participants and other Participants under the Incentive Scheme holding Shares (collectively, the "Abstaining Shareholders") and their respective Associates who have interests in, and are required to abstain from voting on such resolutions at the EGM, the A Shareholders' Class Meeting (where applicable) and the H Shareholders' Class Meeting (where applicable), no other Shareholders have to abstain from voting on relevant resolutions to be proposed at the abovementioned meetings (where applicable).

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 give recommendations to the Independent Shareholders in respect of the grant of Restricted A Shares to the Connected Participants under the Incentive Scheme and the transactions contemplated thereunder. 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.

The Company shall comply with the minimum public float requirements under the Listing Rules for any grant of Restricted A Shares under the Incentive Scheme.

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 two occasions, details of which are set out in (i) the circular of the Company dated 28 March 2019 in relation to the subscription of A Shares under the public issuance of A Shares and (ii) the circular of the Company dated 4 July 2020 in relation to the subscription of A Share Convertible Corporate Bonds. Notwithstanding the above, the previous engagements 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 20 November 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

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 grant of Restricted A Shares to the Connected Participants under the Incentive Scheme and the transactions contemplated thereunder.

This letter is issued for the information of the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the grant of Restricted A Shares to the Connected Participants under the Incentive Scheme and the transactions contemplated thereunder. 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 THE PROPOSED ADOPTION OF THE RESTRICTED A SHARE INCENTIVE SCHEME

1.1 Background of the 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 approval of the SASAC of Longyan City and the approval 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.

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.

Pursuant to the terms of the Incentive Scheme, 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 Latest Practicable Date. Specifically, 97,490,000 A Shares are proposed to be granted under the First Grant, accounting for approximately 0.38% of the Company's total share capital as at the Latest Practicable Date, and approximately 97.49% of the total Restricted Shares to be granted; not more than 2,510,000 A Shares shall be reserved, accounting for approximately 0.01% of the Company's total share capital as at the Latest Practicable Date, and approximately 2.51% 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 Latest Practicable Date.

During the period from the date of the 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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

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 is extracted from the 2019 Annual Report and the financial information of the Group for the six months ended 30 June 2019 and 2020, which is extracted from the interim report of the Company for the six months ended 30 June 2020 (the “**2020 Interim Report**”):

Financial performance of the Group

	For the year ended		For the six months	
	31 December		ended 30 June	
	2018	2019	2019	2020
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	(audited)	(audited)	(unaudited)	(unaudited)
Operating income	105,994	136,098	67,198	83,142
Operating profit	6,181	7,242	3,215	4,360
Net profit	4,683	5,061	2,239	3,091

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’ sales (excluding mine-produced zinc) of the Group; and (ii) the general increase in production

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 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.

According to the 2020 Interim Report, the Group's operating income increased by approximately 23.7% from approximately RMB67,198 million for the six months ended 30 June 2019 to approximately RMB83,142 million for the six months ended 30 June 2020. Such increase was mainly attributable to (i) the increase in mineral products' unit prices (excluding mine-produced copper and zinc) of the Group; and (ii) the general increase in production and sales volume of mineral products and refined products (except mine-produced and refined zinc) for the six months ended 30 June 2020 as compare with that of 2019; and partly offset by the decrease in unit prices of copper and zinc for the six months ended 30 June 2020 as compare with that of 2019.

The overall gross profit margin of the Group decreased by approximately 0.2 percentage point from approximately 11.2% for the six months ended 30 June 2019 to approximately 11.0% for the six months ended 30 June 2020, which was mainly attributable to the increase in the proportion of refined, processed and trading income. Among which, the overall gross profit margin of mining entities was approximately 45.1%, representing an increase of approximately 1.1 percentage points compared with the same period in 2019; the overall gross profit margin of refining entities was approximately 1.5%, representing an increase of approximately 0.1 percentage point compared with the same period in 2019. Despite the decrease in gross profit margin of the Group, the Group recorded an increase in operating profit from approximately RMB3,215 million for the six months ended 30 June 2019 to approximately RMB4,360 million for the six months ended 30 June 2020 and an increase in net profit from approximately RMB2,239 million for the six months ended 30 June 2019 to approximately RMB3,091 million for the six months ended 30 June 2020.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Financial position of the Group

	As at 31 December		As at
	2018	2019	30 June
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
	(audited)	(audited)	(unaudited)
Current assets	30,449	28,594	35,349
Non-current assets	<u>82,430</u>	<u>95,237</u>	<u>114,455</u>
Total assets	<u>112,879</u>	<u>123,831</u>	<u>149,804</u>
Current liabilities	37,223	33,363	50,073
Non-current liabilities	<u>28,382</u>	<u>33,388</u>	<u>40,266</u>
Total liabilities	<u>65,605</u>	<u>66,751</u>	<u>90,339</u>
Net assets	<u><u>47,274</u></u>	<u><u>57,080</u></u>	<u><u>59,465</u></u>

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, amounted to approximately RMB112,879 million, RMB123,831 million and RMB149,804 million as at 31 December 2018, 31 December 2019 and 30 June 2020, respectively. The Group's fixed assets amounted to approximately RMB34,144 million, RMB38,625 million and RMB38,416 million as at 31 December 2018, 31 December 2019 and 30 June 2020, respectively, representing approximately 30.2%, 31.2% and 25.6% of the Group's total assets of the respective periods. The Group's intangible assets amounted to approximately RMB22,510 million, RMB24,163 million and RMB32,749 million as at 31 December 2018, 31 December 2019 and 30 June 2020, respectively, representing approximately 19.9%, 19.5% and 21.9% of the Group's total assets of the respective periods. The Group's inventories amounted to approximately RMB12,670 million, RMB14,887 million and RMB16,684 million as at 31 December 2018, 31 December 2019 and 30 June 2020, respectively, representing approximately 11.2%, 12.0% and 11.1% 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

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31 December 2019. The Group's total liabilities further increased to approximately RMB90,339 million as at 30 June 2020 which was mainly due to the increase in (i) long-term borrowings from approximately RMB15,853 million as at 31 December 2019 to approximately RMB20,436 million as at 30 June 2020; (ii) short-term borrowings (consisting mainly of unsecured and non-guaranteed loans and gold leasing) from approximately RMB14,441 million as at 31 December 2019 to approximately RMB18,309 million as at 30 June 2020; and (iii) bond payables from approximately RMB15,265 million as at 31 December 2019 to approximately RMB18,366 million as at 30 June 2020.

As a result of the foregoing, the net assets of the Group as at 31 December 2018, 31 December 2019 and 30 June 2020 amounted to approximately RMB47,274 million, RMB57,080 million and RMB59,465 million, respectively. The gearing ratio of the Group was approximately 1.4, 1.2 and 1.5 as at 31 December 2018, 31 December 2019 and 30 June 2020, respectively.

1.4 Information of the Connected Participants

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

The table below sets out the name and position of the Connected Participants:

Name	Position
Chen Jinghe	Chairman
Zou Laichang	President
Lan Fusheng	Vice-chairman
Lin Hongfu	Standing vice-president
Lin Hongying	Vice-president
Xie Xionghui	Vice-president
Shen Shaoyang	Vice-president

2. REASONS FOR AND BENEFITS OF THE ADOPTION OF THE INCENTIVE SCHEME

According to the Letter from the Board, for the purposes 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 management personnel, core technicians and the Company's development together, so as to realise the Company's development strategies and business targets.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

Based on our independent research, we noted that it is common practice for companies listed on Shanghai Stock Exchange to adopt restricted share incentive scheme for the purpose of motivating their personnel and employees.

Having considered the above reasons and that (i) the grant of Restricted A Shares to the Connected Participants under the Incentive Scheme can motivate the Connected Participants to make contributions to the Group; and (ii) the adoptions of restricted share incentive scheme for personnel and employees by companies listed on Shanghai Stock Exchange are common practice, we concur with the Directors that the grant of Restricted A Shares to the Connected Participants under the Incentive Scheme is conducted in the ordinary and usual course of business of the Group and is in the interests of the Company and the Shareholders as a whole.

3. PRINCIPAL TERMS OF THE RESTRICTED A SHARE INCENTIVE SCHEME

Set out below are the principal terms of the Restricted A Share Incentive Scheme. Details of the terms of the Incentive Scheme are set out under the section headed "Proposed Adoption of the Restricted A Share Incentive Scheme" in the Letter from the Board.

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 Latest Practicable Date. Specifically, 97,490,000 A Shares are proposed to be granted under the First Grant, accounting for approximately 0.38% of the Company's total share capital as at the Latest Practicable Date, and approximately 97.49% of the total Restricted Shares to be granted; not more than 2,510,000 A Shares shall be reserved, accounting for approximately 0.01% of the Company's total share capital as at the Latest Practicable Date, and approximately 2.51% 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 Latest Practicable Date.

Pursuant to the terms of the Incentive Scheme, 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.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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 grant of the Restricted Shares and during the appraisal periods of the Incentive Scheme.

To assess the fairness and reasonableness of the number of Restricted Shares to be granted to the Connected Participants, we have conducted searches over the website of 巨潮資訊網 (Cninfo*, www.cninfo.com.cn, being a website designated by CSRC for the purpose of information disclosure) to identify those restricted A shares incentive scheme proposals announced by the companies listed on the mainboard of Shanghai Stock Exchange (the “**Comparables**”) for comparison purpose. Through the search from 18 October 2020 up to the date of the Announcement, on best effort basis, an exhaustive list of 14 Comparables have been identified based on the aforesaid selection criteria.

As each of the Comparables has its own unique nature and characteristics in terms of, inter alia, business operation and environment, size, profitability and financial position, the comparison of the terms of the Incentive Scheme 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 Incentive Scheme. The table below sets out the summary of principal terms of the restricted A shares incentive plan proposed by the Comparables (the “**Comparable Table**”):

Company Name (Stock Code)	Date of announcement	Percentage of the grant price to the average stock price for the shares being granted under the incentive scheme (Note 1)	Lock-up period for the first grant from the date on which the grant has been registered	Conditions for unlocking the restricted A shares which are based on, amongst others, the participants’ performance and/or financial performance of the listed companies	Percentage of “the restricted A shares to be granted to individual director/senior management” to “the total share capital of the listed companies”	Percentage of “the maximum total number of restricted A shares to be granted (including reserve part if any)” to “the total number of issued shares of the listed companies as at the date of their respective incentive scheme proposals” (the “Issue Size Ratio(s)”)
1 北方導航控制技術股份有 限公司 (North Navigation Control Technology Co., Ltd.) (600435.SH)	16 November 2020	100% (Note 2)	24 months 36 months 48 months	Yes	0.03% to 0.04%	1.99%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company Name (Stock Code)	Date of announcement	Percentage of the grant price to the average stock price for the shares being granted under the incentive scheme (Note 1)	Lock-up period for the first grant from the date on which the grant has been registered	Conditions for unlocking the restricted A shares which are based on, amongst others, the participants' performance and/or financial performance of the listed companies	Percentage of “the restricted A shares to be granted to individual director/senior management” to “the total share capital of the listed companies”	Percentage of “the maximum total number of restricted A shares to be granted (including reserve part if any)” to “the total number of issued shares of the listed companies as at the date of their respective incentive scheme proposals” (the “Issue Size Ratio(s)”) ”
2 廈門鎢業股份有限公司 (Xiamen Tungsten Co., Ltd.) (600549.SH)	14 November 2020	50% (Note 3)	24 months 36 months 48 months	Yes	0.007% to 0.014%	1.01%
3 廣東丸美生物技術股份有 限公司 (Guangdong Marubi Biotechnology Co., Ltd.) (603983.SH)	13 November 2020	50%	15 months 27 months 39 months	Yes	0.01%	0.26%
4 辰欣藥業股份有限公司 (Cisen Pharmaceutical Co., Ltd.) (603367.SH)	3 November 2020	50%	12 months 24 months 36 months	Yes	0.04%	1.23%
5 泰晶科技股份有限公司 (Tkd Science And Technology Co., Ltd.) (603738.SH)	31 October 2020	50%	12 months 24 months 36 months	Yes	0.06% to 0.07%	2.28%
6 常州凱迪電器股份有限公 司 (Changzhou Kaidi Electrical Inc.) (605288.SH)	30 October 2020	50%	12 months 24 months 36 months	Yes	0.01% to 0.06%	2.25%
7 三人行傳媒集團股份有限 公司 (Three's Company Media Group Co., Ltd.) (605168.SH)	28 October 2020	50%	12 months 24 months 36 months	Yes	0.27% to 0.61%	1.10%
8 四川華體照明科技股份有 限公司 (Sichuan Huati Lighting Technology Co., Ltd.) (603679.SH)	24 October 2020	100%	15 months 27 months 39 months	Yes	0.06%	1.96%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company Name (Stock Code)	Date of announcement	Percentage of the grant price to the average stock price for the shares being granted under the incentive scheme (Note 1)	Lock-up period for the first grant from the date on which the grant has been registered	Conditions for unlocking the restricted A shares which are based on, amongst others, the participants' performance and/or financial performance of the listed companies	Percentage of “the restricted A shares to be granted to individual director/senior management” to “the total share capital of the listed companies”	Percentage of “the maximum total number of restricted A shares to be granted (including reserve part if any)” to “the total number of issued shares of the listed companies as at the date of their respective incentive scheme proposals” (the “Issue Size Ratio(s)”)
9 浙江中國小商品城集團股份有限公司 (Zhejiang China Commodities City Group Co., Ltd.) (600415.SH)	24 October 2020	50% (Note 3)	24 months 36 months 48 months	Yes	0.006%	0.93%
10 浙江司太立製藥股份有限公司 (Zhejiang Starry Pharmaceutical Co., Ltd.) (603520.SH)	23 October 2020	50%	12 months 24 months 36 months	Yes	0.01%	0.37%
11 廈門吉比特網路技術股份有限公司 (G-bits Network Technology (Xiamen) Co., Ltd.) (603444.SH)	22 October 2020	75%	12 months 24 months 36 months	Yes	0.04%	1.00%
12 北京高能時代環境技術股份有限公司 (Beijing GeoEnviron Engineering & Technology Inc.) (603588.SH)	21 October 2020	50% (Note 3)	12 months 24 months 36 months 48 months	Yes	0.01% to 0.12%	0.77%
13 上海海立(集團)股份有限公司 (Shanghai Highly (Group) Co., Ltd.) (600619.SH)	21 October 2020	50% (Note 4)	36 months 48 months 60 months	Yes	0.03% to 0.05%	2.00%
14 浙江新化化工股份有限公司 (Zhejiang Xinhua Chemical Co., Ltd.) (603867.SH)	20 October 2020	50%	12 months 24 months	Yes	0.07% to 0.36%	0.64%

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Company Name (Stock Code)	Date of announcement	Percentage of the grant price to the average stock price for the shares being granted under the incentive scheme (<i>Note 1</i>)	Lock-up period for the first grant from the date on which the grant has been registered	Conditions for unlocking the restricted A shares which are based on, amongst others, the participants' performance and/or financial performance of the listed companies	Percentage of "the restricted A shares to be granted to individual director/senior management" to "the total share capital of the listed companies"	Percentage of "the maximum total number of restricted A shares to be granted (including reserve part if any)" to "the total number of issued shares of the listed companies as at the date of their respective incentive scheme proposals" (the "Issue Size Ratio(s)")
The Company	17 November 2020	60%	24 months 36 months 48 months	Yes	0.003% to 0.004%	0.39%

Notes:

- Pursuant to the requirements set out under the Administrative Measures, the initial grant prices of the restricted A shares shall (i) not to be set at a price lower than its nominal value; and (ii) principally not to be set at a price lower than the highest of the (a) 50% of the average trading price on the trading day preceding the date of announcement of the incentive scheme; and (b) 50% of the average price for the period of last 20, 60 or 120 trading days preceding the date of announcement of the A shares incentive scheme (the "Criteria").
- The initial grant price of the restricted A shares of North Navigation Control Technology Co., Ltd. is determined based on the higher of (i) the Criteria; and (ii) the unit face value of company's A shares, i.e. RMB1 per A share.
- The initial grant prices of the restricted A shares of Xiamen Tungsten Co., Ltd., Zhejiang China Commodities City Group Co., Ltd. and Beijing GeoEnviron Engineering & Technology Inc were determined based on the 50% of the higher of (i) average trading price of the companies' A shares on the last trading day preceding the date of announcement of the incentive scheme; and (ii) average trading price of the subject A shares for the period of last 20/60/120 trading days preceding the date of announcement of the incentive scheme.
- The initial grant price of Shanghai Highly (Group) Co., Ltd. was also determined based on 50% of (i) the closing price of the company A shares on the last trading day preceding the date of announcement of the incentive scheme; and (ii) the average closing price of the company A shares for the period of last 30 trading day(s) preceding the date of announcement of the incentive scheme.

Source: <http://www.cninfo.com.cn>

As demonstrated in the Comparable Table, the percentage of the restricted A shares to be granted to individual director/senior management of the Comparables to the total share capital of the Comparables ranged from 0.006% to 0.61% (the "Comparable Percentage Range"). The percentage of the maximum total number of Restricted A Shares to be granted to the Connected Participants is approximately 0.023% of the total number of issued shares of the Company which falls within the Comparable Percentage Range.

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Having considered the above, we are of the view that the numbers of Restricted Shares to be granted to the Connected Participants are fair and reasonable so far as the Independent Shareholders are concerned.

The Grant Price

According to the Letter from the Board, 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.

Pursuant to the terms of the Incentive Scheme, the Grant Price of the Restricted Share 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 announcement of the Restricted A Share Incentive Scheme for 2020 (Draft), (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 announcement of the Restricted A Share Incentive Scheme for 2020 (Draft), (i.e., RMB7.56 per A Share).

We have discussed with the management of the Company and understood that the Grant Price has to comply with the requirements set out under the Administrative Measures promulgated by the CSRC. We have also reviewed the Administrative Measures and noted that it requires the issue price of new shares (i) not to be set at a price lower than its nominal value; and (ii) principally not to be set at a price lower than the highest of the (a) 50% of the average trading price on the trading day preceding the date of announcement of the incentive scheme; and (b) 50% of the average price for the period of last 20, 60 or 120 trading days preceding the date of announcement of the A shares incentive scheme. If a listed company adopts other approaches to determine grant price of restricted A shares, detailed basis of determination of such price should be disclosed in the A shares incentive scheme. Based on the above, we concur with the view of the Directors that the Grant Price complies with the Administrative Measures.

As demonstrated in the Comparable Table, the majority of the Comparables' grant price were determined based on 50% of the benchmark price (being higher of (i) the closing price/average trading price of the subject A shares on the trading day preceding the date of announcement of the incentive scheme; and (ii) the average closing price/average price of the subject A shares for the period of last 20, 60, and/or 120 trading days preceding the date of announcement of the incentive scheme).

Having considered the above, in particular that (i) the Grant Price of the Restricted Shares complied with the Administrative Measures promulgated by the CSRC; (ii) the basis for determining the Grant Price is principally in line with the market practice; and (iii) all Participants are subject to the same Grant Price, we are of the view that the Grant Price is fair and reasonable so far as the Independent Shareholders are concerned.

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The validity period and unlocking conditions (the “Unlocking Conditions”)

According to the Letter from the Board, the validity period of the Incentive Scheme is from the date of registration of the Restricted Shares under the First Grant 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.

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 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.

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 batches of the Restricted Shares held by such persons shall be repurchased and cancelled by the Company.

Certain conditions must be fulfilled before the Company can grant the Restricted A Shares under the Incentive Scheme, or the Restricted A Shares granted under the Restricted Shares Incentive Scheme can be unlocked. 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. 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. Please refer to Appendix 1 to this Circular for the details of the Unlocking Conditions.

Pursuant to the Incentive Scheme, the performance appraisal indicators at company level for each of the years 2021 to 2023 include (i) the annual compound growth rate of net profit as compared to the industry average level and the benchmarking enterprises; (ii) the annual compound growth rate of return on net assets as compared to the industry average level and the benchmarking enterprises; and (iii) the debt-to-asset ratio. We have discussed with the management of the Company and noted that 12 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. We also understood that if there are significant changes in the principal business 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. Based on the abovementioned, in particular that the benchmarking enterprises are in the same industry as the Company and engage mainly in gold or copper and/or lead and zinc products, we are of the view that (i) the

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selection of the benchmarking enterprises are fair and representative; and (ii) the abovementioned performance appraisal targets for the Incentive Scheme have made a reasonable projection as well as taken into account the incentive effect of the Incentive Scheme.

As demonstrate in the Comparable Table, we noted that it is common practice for Comparables to have conditions for unlocking the restricted A share which are based on, amongst others, the participants' performance and/or financial performance of the listed companies in their restricted A shares incentive schemes.

Having considered the above, in particular that it is common practice for Comparables to have conditions for unlocking the restricted A share which are based on, amongst others, the participants' performance and/or financial performance of the listed companies in their restricted A shares incentive schemes, we are of the view that the validity period and Unlocking Conditions are fair and reasonable so far as the Independent Shareholders are concerned.

Adjustment

Number of Restricted Shares and Grant Price are subject to adjustments according to various situations (e.g. conversion of capital reserve into share capital, bonus issue, share split, rights issue and share consolidation). For details, please refer to the section headed "Method of adjusting the number of Restricted Shares" and "Method of adjusting the Grant Price of the Restricted Shares" as set out in Appendix 1 to the Circular. In addition, we noted that the calculation formulae of adjustments to number of Restricted Shares and the Grant Price are comparable to those of the Comparables.

Having considered the above, in particular that (i) the adjustment mechanisms will be applied to all Participants; and (ii) the calculation formulae of adjustments to number of Restricted Shares and the Grant Price of the Restricted Shares are comparable to those of the Comparables, we are of the view that the proposed adjustment mechanisms for number of Restricted Shares and the Grant Price are fair and reasonable.

Black-out provisions

With reference to the Letter from the Board, the black-out provisions of the Incentive Scheme shall be implemented in accordance with the Company Law, the Securities Law, other relevant laws, regulations and regulatory documents, and the Articles of Association. The Directors and senior management of the Company are subject to the black-out provisions of the Incentive Scheme as follows: (i) 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; (ii) 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; (iii) if, during the validity period of the

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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.

Having considered that the terms of the Incentive Scheme are applicable to all Participants (including the Connected Participants), we are of the view that the terms of the Incentive Scheme are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned.

Moreover, as advised by the Directors, (i) based on the performance-linked Unlocking Conditions under the Incentive Scheme, the costs of implementing the Incentive Scheme will not cause a material impact on the net profit of the Company; and (ii) the reasons for the grant of Restricted A Shares to the Connected Participants under the Incentive Scheme to tightly knit together management personnel, core technicians and the Company's development together, so as to realise the Company's development strategies and business targets, we are of the view that the grant of Restricted A Shares to the Connected Participants under the Incentive Scheme is in the ordinary course of business of the Group.

4. DILUTION EFFECT ON THE SHAREHOLDING INTERESTS OF THE EXISTING SHAREHOLDERS OF THE COMPANY

The grant of Restricted A Shares to the Participants under the Incentive Scheme involves 100,000,000 A Shares, representing approximately 0.39% of the Company's total share capital as at the Latest Practicable Date. Accordingly, the dilution effect on the shareholding interests of the existing shareholders of Company will be immaterial.

5. FINANCIAL IMPACT OF THE INCENTIVE SCHEME TO THE GROUP

With reference of the Letter of the Board, 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 RMB321.366 million. Such expense 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 expense (RMB million)	2020	2021	2022	2023	2024
		(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)
97.49	321.3660	9.6410	115.6918	111.2730	59.7205	25.0398

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

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.

Based on the performance-linked Unlocking Conditions under the Scheme, the above costs of implementing the Incentive Scheme will not cause a material impact on the net profit of the Company.

RECOMMENDATION AND CONCLUSION

Having taken into account the above-mentioned principal factors and reasons, in particular (i) the reasons for and benefits of the adoption of the Incentive Scheme as set out in the section headed “2. Reasons for and benefits of the adoption of the Incentive Scheme” in this letter; and (ii) the details of the Restricted A Share Incentive Scheme and our analysis on the fairness and reasonableness of the terms of the Restricted A Share Incentive Scheme as set out in the section headed “3. Principal terms of the Restricted A Share Incentive Scheme” in this letter, we are of the view that (i) the terms of the grant of Restricted A Shares to the Connected Participants under the Incentive Scheme are on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned; and (ii) the transactions contemplated under the grant of Restricted A Shares to the Connected Participants under the Incentive Scheme is conducted in the ordinary and usual course of business of the Group and it is in the interests of the Company and Shareholders as a whole, 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 grant of Restricted A Shares to the Connected Participants under the Incentive Scheme and the transactions contemplated thereunder.

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 MESSIS 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.

* for identification purpose only

Stock code: 601899

Stock abbreviation: Zijin Mining

Zijin Mining Group Co., Ltd.*
Restricted A Share Incentive Scheme for 2020 (Revised Draft)

Zijin Mining Group Co., Ltd.*
December 2020

STATEMENTS

All the Directors and Supervisors guarantee that there are no false representations or misleading statements contained in, or material omission from the Scheme and its summary, and shall individually and jointly assume legal responsibilities for their truthfulness, accuracy and completeness.

SPECIAL NOTES

- I. The Restricted A Share Incentive Scheme for 2020 of Zijin Mining Group Co., Ltd.* (hereinafter, the “Scheme” or the “Incentive Scheme”) is formulated in accordance with relevant laws and regulations such as the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Measures for the Administration of Equity Incentives of Listed Companies (CSRC Order No. 126), the Trial Measures on Implementation of Equity Incentive Schemes by State-owned Listed Companies (Domestic) (Guo Zi Fa Fen Pei [2006] No. 175) and 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), as well as the Articles of Association of Zijin Mining Group Co., Ltd.*
- II. The incentive instruments adopted in the Incentive Scheme are the Restricted Shares and the source of the underlying Shares involved in the Incentive Scheme shall be the ordinary A Shares to be issued specifically by Zijin Mining Group Co., Ltd.* (hereinafter, “Zijin Mining” or the “Company”) to the Participants.
- III. 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 the Announcement. Specifically, 97,490,000 A Shares are proposed to be granted under the First Grant, accounting for approximately 0.38% of the Company’s total share capital as at the date of the Announcement, and approximately 97.49% of the total Restricted Shares to be granted; not more than 2,510,000 A Shares shall be reserved, accounting for approximately 0.01% of the Company’s total share capital as at the date of the Announcement, and approximately 2.51% 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 the Announcement.
- IV. Before granting the Restricted Shares, in case of any dividend distribution, conversion of capital reserve into share capital, bonus issue, share split or share consolidation, or rights issue made by the Company, adjustment to the Grant Price or the number of the Restricted A Shares to be granted shall be made accordingly.

- V. The number of the Participants under the Incentive Scheme in the First Grant shall be 697 including 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.
- VI. The validity period of the Incentive Scheme is from the date of registration of the Restricted Shares under the First Grant 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.
- VII. There is no occurrence of any of the following on the part of the Company as provided in article 7 of the Measures for the Administration of Equity Incentives of Listed Companies:
- (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 most recent 36 months after listing;
 - (4) prohibition from implementation of any equity incentives by applicable laws and regulations; and
 - (5) any other circumstances as prescribed by the CSRC.
- VIII. The Participants under the Incentive Scheme do not include the independent non-executive Directors and the Supervisors, participants of two or more equity incentive schemes of listed companies, 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. The Participants are in compliance with article 8 of the Measures for the Administration of Equity Incentives of Listed Companies and none of the Participants is 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 incentives of a listed company pursuant to the provisions of laws and regulations; or
 - (6) falls under any other circumstances as prescribed by the CSRC.
- IX. The Company undertakes not to provide loans and financial assistance in any other forms, including guarantee for loans, to the Participants for the purpose of obtaining the Restricted Shares under the Scheme.
- X. 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 under the Incentive Scheme when it is found that the relevant disclosure documents of the Company contain false representations, misleading statements or material omissions.
- XI. The implementation of the Scheme is subject to the approval of the SASAC of Longyan City, as well as the consideration and approval at the Shareholders' General Meetings.
- XII. The implementation of the Incentive Scheme will not lead to a distribution of shareholding which fails to satisfy listing conditions.

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Chapter I Definitions

Unless the context otherwise requires, the following expressions have the following meanings:

Zijin Mining, the Company	Zijin Mining Group Co., Ltd.*
Restricted A Share Incentive Scheme, Incentive Scheme or Scheme	the Restricted A Share Incentive Scheme for 2020 of Zijin Mining Group Co., Ltd.*
Restricted A Share(s), 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 is/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
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
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
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
Unlocking Period(s)	the period(s) during which the Restricted Shares held by the Participants can be unlocked and transferred after the Unlocking Conditions prescribed under the Incentive Scheme are satisfied

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
Company Law	the Company Law of the PRC
Securities Law	the Securities Law of the PRC
Administrative Measures	Measures for the Administration of Equity Incentives of Listed Companies
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)
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)
Articles of Association	the articles of association of Zijin Mining Group Co., Ltd.*
SASAC of Longyan City	the State-owned Assets Supervision and Administration Commission of the People's Government of Longyan City
CSRC	China Securities Regulatory Commission
Stock Exchange	The Shanghai Stock Exchange
RMB	Renminbi

Chapter II Purposes of implementing the Incentive Scheme

For the purposes 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.

Chapter III Administrative institutions of the Incentive Scheme

- I. The shareholders' general meeting, as the highest authority of the Company, shall be responsible for considering and approving the implementation, amendment and termination of the Incentive Scheme. The shareholders' general meeting may, within its powers and authority, authorise the Board to handle part of the matters relating to the Incentive Scheme.
- II. The Board shall act as the executive and administrative institution for the Incentive Scheme and be responsible for the implementation of the Incentive Scheme. The nomination and remuneration committee of the Board (the "Remuneration Committee") shall be responsible for drafting and revising the Incentive Scheme, and submitting the Incentive Scheme to the Board for consideration. Upon approval by the Board, the Incentive Scheme shall be further submitted to the SASAC of Longyan City and shareholders' general meetings for consideration and approval. The Board may handle matters relating to the Incentive Scheme within the scope of authorisation as granted by the Shareholders' General Meetings.
- III. The Supervisory Committee and independent Directors shall act as the supervisory institution for the Incentive Scheme, and shall issue opinions as to whether the Incentive Scheme is beneficial to the sustainable development of the Company and whether there is any apparent prejudice to the interests of the Company and all Shareholders. The Supervisory Committee shall supervise the implementation of the Incentive Scheme as to whether it is in compliance with the relevant laws, regulations, regulatory documents and operational rules of the Stock Exchange, and shall be responsible for reviewing the list of the Participants. An independent Director shall solicit voting rights by proxy from all Shareholders in respect of the Incentive Scheme.

Where amendments have been made to the Incentive Scheme before it is considered and approved at the Shareholders' General Meetings of the Company, the independent Directors and the Supervisory Committee shall issue independent opinions as to whether the amended Scheme is beneficial to the sustainable development of the Company and whether there is any apparent prejudice to the interests of the Company and the Shareholders as a whole.

Before any entitlements are granted to a Participant, the independent Directors and the Supervisory Committee shall issue explicit opinions as to the satisfaction of the conditions of grant which are prescribed in the Incentive Scheme. In the event of any discrepancy between the entitlements granted to the Participants and the arrangements under the Incentive Scheme, the independent Directors and the Supervisory Committee (where there are changes to the Participants) shall simultaneously issue explicit opinions.

Before the Participants exercise any entitlement, the independent Directors and the Supervisory Committee shall issue explicit opinions as to whether the conditions stipulated in the Incentive Scheme for exercising such entitlements have been satisfied.

Chapter 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 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 the expiry 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. Verification of the Participants

1. After the consideration and approval of the Board, the Company shall publicise the names and positions of the Participants internally for at least 10 days, either on the Company's website or through other channels.
2. 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. The Supervisory Committee shall verify the Grant Date of the Restricted Shares and the list of the Participants and issue its opinion. Any adjustments to the lists of the Participants made by the Board shall also be subject to verification by the Supervisory Committee of the Company.

Chapter V Source, number and allocation of the Restricted Shares**I. 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.

II. Number of the Restrictive 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 the Announcement. Specifically, 97,490,000 A Shares are proposed to be granted under the First Grant, accounting for approximately 0.38% of the Company's total share capital as at the date of the Announcement, and approximately 97.49% of the total Restricted Shares to be granted; not more than 2,510,000 A Shares shall be reserved, accounting for approximately 0.01% of the Company's total share capital as at the date of the Announcement, and approximately 2.51% 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 the Announcement.

During the period from the date of the 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.

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	Approximate
			proportion of the total number of the Restricted Shares to be granted under the Incentive Scheme	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. (685 persons in total)		87.79	87.79%	0.34%
Reserved Portion		2.51	2.51%	0.01%
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 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 the expiry 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.

**Chapter 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 is from the date of registration of the Restricted Shares under the First Grant 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 resolutions 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 shareholding reduction 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 and the reserved 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 the expiry of the 24-month period from the date of completion of registration of the Restricted Shares being granted respectively 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 respectively	33%

Phase of unlocking	Unlocking Period	Percentage of Restricted Shares to be unlocked
The Second Unlocking Period for the Restricted Shares granted under the First Grant and the reserved grant	Commencing from the first trading day after the expiry of the 36-month period from the date of completion of registration of the Restricted Shares being granted respectively 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 respectively	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 the expiry of the 48-month period from the date of completion of registration of the Restricted Shares being granted respectively 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 respectively	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 6 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 being purchased in the last 6 months, or purchases Shares in the 6 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 the 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 the share transfer.

**Chapter VII 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. Methods of 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 announcement of the Restricted A Share Incentive Scheme for 2020 (Draft) (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 announcement of the Restricted A Share Incentive Scheme for 2020 (Draft) (i.e., RMB7.56 per A Share).

III. Methods of determining the Grant Price of the Reserved Shares

The Grant Price of the Reserved Shares shall be the same as that of the portion of Restricted Shares granted under the First Grant, i.e., RMB4.95 per A Share. Before the Reserved Shares are granted, a Board meeting shall be convened to consider and approve the relevant proposals. Details relating to the grant shall be announced accordingly.

Chapter VIII 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. Conversely, 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 incentives 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 incentives 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 most recent 36 months after listing;
4. prohibition from implementation of any equity incentives 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 incentives 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 and the reserved grant of the Incentive Scheme is the three accounting years from 2021 to 2023. 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	<ul style="list-style-type: none"> (1) On the basis of the operating results for 2019, the annual 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 annual 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	<ul style="list-style-type: none"> (1) On the basis of the operating results for 2019, the annual 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 annual 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

Unlocking Period	Performance appraisal targets
The Third Unlocking Period for the Restricted Shares granted under the First Grant and the reserved grant	<p>(1) On the basis of the operating results for 2019, the annual 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;</p> <p>(2) On the basis of the operating results for 2019, the annual 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;</p> <p>(3) Debt-to-asset ratio as at the end of 2023 shall not be higher than 65%;</p> <p>(4) Performance appraisal of such Participant for 2023 shall be grade B or above</p>

Note: 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 risen to the top three places in the domestic mining industry, the domestic mining enterprises with large principal business 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

Number	Category	Stock code	Stock abbreviation
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 the company level and performance appraisal at the individual level.

Performance appraisal indicators at the company level include the annual compound growth rate of net profit attributable to owners of the parent and return on net assets. The annual 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 annual 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 the 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 sets of indicators are met at the same time can the Restricted Shares be unlocked and the Participants be entitled 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.

Chapter IX Methods of and procedures for adjusting the Incentive Scheme**I. Method of adjusting the number of Restricted Shares**

During the period from the date of the 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 per Share (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 Share); 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. Method of adjusting the Grant Price of the Restricted Shares

During the period from the date of the 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 per Share; 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 Grant 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 proposals relating to adjustments to the number and the Grant Price of the Restricted Shares. The Company shall engage a legal adviser to provide professional opinion to the Board on whether such adjustments are in compliance with the provisions of the Administrative Measures, the Articles of Association and the Incentive Scheme. Upon consideration and approval of the Board over the adjustment proposals, the Company shall disclose the Board resolutions in a timely manner and the opinion of the legal adviser at the same time.

Chapter X 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 the 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 RMB321.3660 million. Such expense 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 expense (RMB million)	2020	2021	2022	2023	2024
		(RMB million)	(RMB million)	(RMB million)	(RMB million)	(RMB million)
97.49	321.3660	9.6410	115.6918	111.2730	59.7205	25.0398

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.

Based on the performance-linked Unlocking Conditions under the Scheme, 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 recognised expenses in the annual reports.

Chapter XI 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 repurchasing 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, as well as the consideration and approval at the Shareholders' General Meetings. Before convening the Shareholders' General Meetings, the Company shall publicise the list of the Participants internally for at least 10 days, either on the Company's website or through 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 equity incentive agreements 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 periods 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 batches 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.

Chapter XII Respective rights and obligations of the Company and the Participants**I. Rights and obligations of the Company**

- (1) The Company shall have the rights 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 respective 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 for the purpose of obtaining 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 conducts, 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 Periods, 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 fund.
- (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 under 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 under the Incentive Scheme shall be explicitly stipulated.
- (8) Other relevant rights and obligations as stipulated by laws, regulations and the Incentive Scheme.

**Chapter XIII 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 most recent 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 separation 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. A Participant not being responsible for any of the aforesaid matters returns the entitlements granted and thereby suffers losses 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 the job title of a Participant is changed but the Participant remains employed by the Company or its subsidiaries or branches, the procedures stipulated in the Incentive Scheme before the change in job title shall apply in full 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 interests 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 severely impaired the interests or reputation of the Company, or 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 his or her 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 his or her office due to loss of working capacity, the following treatments shall apply:
 - 1. Where a Participant leaves his or her 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 in full 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 his or her office due to 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, any 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 not unlocked, 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 and not unlocked 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 determined by the Board.

III. Resolution of disputes between the Company and 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 fails, litigation may be instigated at a competent People's Court in the Company's place of domicile.

Chapter XIV 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 of each Share (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 Share).

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) Procedures 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 and class meetings for approval in accordance with the provisions of the Incentive Scheme, and make announcement accordingly in a timely manner.

(III) Procedures for 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.

Chapter XV Other important matters

- I. Where relevant terms of the Incentive Scheme conflict with the relevant laws, regulations, administrative rules and regulatory documents of the state, implementation of the Incentive Scheme shall be subject to the relevant laws, regulations, administrative rules and regulatory documents of the state. Where there is no explicit provision in the Incentive Scheme, implementation of the Incentive Scheme shall be subject to the relevant laws, regulations, administrative rules and regulatory documents of the state.

- II. Where Participants are in violation of the Incentive Scheme, the Articles of Association or relevant laws, regulations, administrative rules and regulatory documents of the state, all gains arising from the disposal or transfer of the Shares granted under the Incentive Scheme shall belong to the Company and the Board of the Company shall be responsible for the execution.
- III. The Incentive Scheme shall come into effect upon being considered and approved by the SASAC of Longyan City and at the Shareholders' General Meetings of the Company.
- IV. The Incentive Scheme shall be interpreted by the Board of the Company.

Zijin Mining Group Co., Ltd.*

11 December 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.

**APPENDIX 2 ADMINISTRATIVE MEASURES FOR IMPLEMENTATION OF
APPRAISAL FOR THE RESTRICTED A SHARE
INCENTIVE SCHEME FOR 2020**

Zijin Mining Group Co., Ltd.*

**Administrative Measures for Implementation of Appraisal for the Restricted A Share
Incentive Scheme for 2020**

To ensure the successful implementation of the Restricted A Share Incentive Scheme for 2020 of Zijin Mining Group Co., Ltd.* (the “Company”) and achieve the Company’s development strategies and business targets, the Company has formulated the Administrative Measures for Implementation of Appraisal for the Restricted A Share Incentive Scheme for 2020 (the “Measures”) in accordance with the relevant laws, regulations and regulatory documents including the Company Law of the PRC, the Securities Law of the PRC, Measures for the Administration of Equity Incentives of Listed Companies, as well as the relevant stipulations of the Articles of Association and the Incentive Scheme, with regard to the actual situation of the Company.

I. PURPOSE OF APPRAISAL

The purpose of appraisal is 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, so as to realise the Company’s development strategies and business targets.

II. PRINCIPLES OF APPRAISAL

The appraisal and evaluation shall adhere to the principles of fairness, openness and impartiality, and the evaluation shall strictly follow the Measures and the work performance of the appraisees, so as to realise the close combination of the Incentive Scheme and the work performance and contributions of the Participants to improve the overall performance of the Company and maximise the interests of the Company and all Shareholders.

III. SCOPE OF APPRAISAL

The Measures is applicable to all Participants who are ascertained according to the Incentive Scheme, including 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.

IV. INSTITUTIONS IN CHARGE OF APPRAISAL

- (I) The Board shall be responsible for leading and organising the appraisal on the Participants.

APPENDIX 2 ADMINISTRATIVE MEASURES FOR IMPLEMENTATION OF APPRAISAL FOR THE RESTRICTED A SHARE INCENTIVE SCHEME FOR 2020

- (II) The Board Office/Securities Department, Human Resources Department and Finance Department of the Company shall form a working group to be specifically responsible for the implementation of appraisal. The working group shall be responsible and report to the Board.
- (III) The Company's Human Resources Department, Finance Department and other relevant departments shall be responsible for collecting and compiling the appraisal data, and the authenticity and reliability of such data.
- (IV) The Board shall be responsible for the consideration and approval of the Measures and verifying the appraisal results.

V. APPRAISAL INDICATORS AND STANDARDS

(I) Performance appraisal requirements at company and individual levels

The appraisal period for unlocking the Restricted Shares granted under the First Grant and the reserved grant of the Incentive Scheme is the three accounting years from 2021 to 2023. 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	<ol style="list-style-type: none">(1) On the basis of the operating results for 2019, the annual 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 annual 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

APPENDIX 2 ADMINISTRATIVE MEASURES FOR IMPLEMENTATION OF APPRAISAL FOR THE RESTRICTED A SHARE INCENTIVE SCHEME FOR 2020

Unlocking Period	Performance appraisal targets
The Second Unlocking Period for the Restricted Shares granted under the First Grant and the reserved grant	<ol style="list-style-type: none">(1) On the basis of the operating results for 2019, the annual 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 annual 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	<ol style="list-style-type: none">(1) On the basis of the operating results for 2019, the annual 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 annual 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

**APPENDIX 2 ADMINISTRATIVE MEASURES FOR IMPLEMENTATION OF
APPRAISAL FOR THE RESTRICTED A SHARE
INCENTIVE SCHEME FOR 2020**

Note: 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.

If the Unlocking Conditions of the Restricted Shares are not met due to unsatisfaction of performance appraisal targets at company or individual levels in the respective period, the respective portion of the Restricted Shares shall not be unlocked nor shall the unlocking of which be deferred to the next Unlocking Period(s). All Restricted Shares which are not unlocked in the respective period shall be repurchased and cancelled by the Company.

VI. APPRAISAL PERIOD AND FREQUENCY

(I) Appraisal period

The appraisal period under the Incentive Scheme shall be the three accounting years from 2021 to 2023.

(II) Frequency of appraisal

Appraisal shall be conducted once a year in each Unlocking Period.

VII. APPRAISAL PROCEDURES

Under the guidance of the Board, the Company's Human Resources Department shall be responsible for conducting specific appraisal work, archiving the appraisal results, compiling performance appraisal reports based on such results, and report to the Board.

VIII. APPRAISAL RESULTS

The appraisees have the right to know their appraisal results and their direct supervisors shall notify them such results within 5 business days upon completion of the appraisal. If any appraisee disagrees with his/her appraisal results, he/she may communicate with the Company's Human Resources Department to resolve. If the disagreement cannot be resolved, the appraisee may appeal to the Board, which shall review and determine the final appraisal results within 10 business days.

**APPENDIX 2 ADMINISTRATIVE MEASURES FOR IMPLEMENTATION OF
APPRAISAL FOR THE RESTRICTED A SHARE
INCENTIVE SCHEME FOR 2020**

IX. MANAGEMENT OF APPRAISAL RESULTS

(I) Amendments to the appraisal indicators and results

After completion of the appraisal, the Board may amend the appraisal indicators and results that are more susceptible to changes in the external environment and other factors.

(II) Archive of the appraisal results

After the appraisal is completed, the appraisal results shall be archived and kept by the Human Resources Department as confidential information for 5 years. The documents and records exceeding the retention period shall be destroyed by the Human Resources Department on a uniform basis upon the approval of the Board.

X. SUPPLEMENTARY PROVISIONS

(I) The Measures shall be formulated, interpreted and amended by the Board. In the case of any discrepancies between the Measures and the laws, administrative regulations and departmental rules promulgated and implemented afterward, the latter shall prevail over the Measures.

(II) The Measures shall be implemented upon approval at the Shareholders' General Meetings and upon the Incentive Scheme taking effect.

** 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 Amendment to the Remuneration and Assessment
Proposal of Directors and Supervisors of the Seventh Term**

Dear Shareholders,

In order to develop into a first-class global mining company, ensure the Company meets the requirements relating to sustainable development and ESG work, and further arouse the initiative and sense of responsibility of the Company's Directors and Supervisors, on the basis of the resolution passed at the twenty-fourth extraordinary meeting in 2020 of the seventh term of the Board, the Company proposes to amend the Remuneration and Assessment Proposal of Directors and Supervisors of the Seventh Term, which has been considered and approved at the Company's second extraordinary general meeting in 2019.

I. PRINCIPLES

- (1) Remunerations shall match the Company's position in the industry;
- (2) Remunerations shall align with the Company's operating results and returns to the Shareholders;
- (3) Remunerations shall commensurate with individual's duties, contributions and performance;
- (4) Remunerations shall be linked to the Company's market capitalisation and market performance; and
- (5) Remunerations shall be connected to the Company's sustainable development and ESG indicators.

II. APPRAISEES

- (1) The remunerations of the chairman and vice-chairman of the Board, executive Directors and chairman of the Supervisory Committee shall be determined by a comprehensive assessment focusing on operating results and other factors;
- (2) Annual allowance and duty subsidy are applicable to the non-executive Director, independent non-executive Directors and other Supervisors.

III. DETERMINATION OF THE REMUNERATIONS OF THE CHAIRMAN AND VICE-CHAIRMAN OF THE BOARD, EXECUTIVE DIRECTORS AND CHAIRMAN OF THE SUPERVISORY COMMITTEE

The remunerations of the appraisees shall comprise of basic annual salary and annual incentive salary. Annual incentive salary shall comprise of immediate incentive and option bonus.

(1) Basic annual salary

According to the different duties and responsibilities of each individual, the basic monthly salary ranges from RMB180,000 to RMB250,000; the specific amount of individual basic annual salary shall be determined by the nomination and remuneration committee of the Board and be explicitly set out in the employment contracts between the Company and the employees.

(2) Annual incentive salary

1. Total amount of annual incentive salary

Total amount of annual incentive salary of the chairman of the Board and president = (the Company's profit after tax for the current year – the Company's net assets as at the end of last year x 5%) x 0.1% x 2 x assessment coefficient.

Total amount of annual incentive salary of the executive Directors and chairman of the Supervisory Committee = (the Company's profit after tax for the current year – the Company's net assets as at the end of last year x 5%) x 0.07% x number of staff and time coefficient x assessment coefficient.

(Note: The Company's profit after tax and net assets for the current year refer to the net profit and net assets attributable to owners of the parent in the Group's consolidated financial statements as prepared in accordance with China Accounting Standards).

The assessment coefficient for annual incentive salary ranges from 0.7 to 1.3, which shall be determined by the nomination and remuneration committee of the Board according to the operational conditions, market capitalisation, ESG indicators, etc. for the current year.

2. Components of annual incentive salary

Annual incentive salary comprises two parts. In which:

50% of annual incentive salary is immediate incentive, which will be distributed in cash after assessment results are approved and confirmed at a shareholders' general meeting;

50% of annual incentive salary is option bonus, for which the Company has set up a specific account to convert the amount into virtual shares based on the audited net assets per Share as at the end of the preceding year.

The virtual shares carry the same rights to income and bear the same risks as ordinary shares; they are entitled to dividends and bonus issue but without voting rights or rights to participate in placement. If there is a placement, virtual shares shall be adjusted in accordance with the net assets amount after placement. Virtual shares cannot be transferred and pledged.

(3) Remuneration assessment

1. Annual salary shall be assessed and confirmed annually and be completed by the first quarter of the following year; confirmation of operating results shall be based on the audited annual report.
2. The annual incentive salary shall be based on the attainments of operating results of the Company for the current year (taking into account profit, net assets, market capitalisation and ESG-related assessment indicators), and the assessment coefficient shall be suggested by the chairman of the Board within the range from 0.7 to 1.3.
3. The nomination and remuneration committee of the Board shall be responsible for conducting annual performance and remuneration assessment and determining the assessment coefficient and total amount of remunerations. The total amount of remunerations shall be charged to the administrative expenses after being approved at the shareholders' general meeting of the Company.
4. If there is substantial change in the market, the nomination and remuneration committee of the Board may amend or adjust the remuneration and assessment proposal according to constant prices of gold and other metals.

(4) Realisation and distribution of remunerations

1. Basic annual salary is paid on a monthly basis.
2. Realisation and distribution of annual incentive salary:

Upon confirmation by the nomination and remuneration committee of the Board and approval at the shareholders' general meeting of the total annual incentive salary, the nomination and remuneration committee shall propose a specific distribution proposal for each individual based on individual assessment results.

(1) Immediate incentive salary

The annual incentive salary shall be calculated according to the method specified in this proposal, i.e., 50% of which shall be immediate incentive salary and shall be paid within one month following the approval and confirmation at a shareholders' general meeting.

(2) Option bonus

The remaining 50% of the annual incentive salary shall be option bonus.

In order to further enhance the link between the remunerations of the Company's management, operating results and market performance, option bonus of the appraisees will be temporarily withheld from distribution. The option bonus for the year will be converted into virtual shares based on the audited net assets per Share as at the end of the preceding year. The virtual shares are entitled to share dividends and stock appreciation attributable to the year of conversion, which will be fully realised in the year following the conversion.

Realisation of option bonus:

- Share dividends: holders of virtual shares will be entitled to dividend income based on the number of virtual shares held;
- Stock appreciation: holders of the virtual shares will be entitled to gains in share values.

The amount is calculated according to the following formula: amount to be realised = option bonus to be granted + the number of virtual shares proposed to be realised × (average Share price in the last month of the year of conversion – average Share price in the last month of the year preceding conversion);

In the event that the average Share price in the last month of the year of conversion is lower than that of the preceding year, the amount to be realised shall be the option bonus to be granted.

Average Share price in the last month = (the arithmetic average closing price of the Company's A Shares on each of the trading days in the last month of the year) x 0.8 + (the arithmetic average closing price of the Company's H Shares on each of the trading days in the last month of the year) x 0.2.

(5) Shareholding increment scheme

On the premise of compliance with the applicable regulatory requirements, the appraisees are encouraged to increase their holdings in the Company's Shares in different ways. In particular, the shareholdings of the chairman of the Board and the president of the Company shall be worth at least five times of their annual salaries respectively.

IV. ACCOUNTABILITY AND CLAWBACK MECHANISM

Under the following circumstances, the annual incentive salary portion of an aforesaid appraisee shall be reversed or forfeited:

- (1) In the event of resignation due to breach of contract or improper reasons before the term of service ends, the annual incentive salary and option bonus for the current year to which the person is entitled may not be realised.
- (2) In the event that an appraisee fails to keep up with corporate development, or has made any mistake in management which results in a substantial loss of the Company, or has violated laws, regulations, the Articles of Association, or has committed corruption, bribery or made any false statement or engages in any improper conduct for the purpose of obtaining annual incentive salary, he or she will be subject to early termination of employment contract as approved by the shareholders' general meeting. The annual incentive salary and option bonus for the current year to which the person is entitled may be reversed or forfeited.
- (3) Where a person has violated the Company's sustainable development principles, or where the act of the person has caused very severe environmental or safety incident to the Company or has significantly impaired the Company's reputation and sustainable development, provided that such person is a chief officer clearly in a position to be held primarily accountable for the aforesaid incidents, the incentive salary of such person may be vetoed by one vote, and the option bonus to which he or she is entitled shall not be realised. Any person who is suspected of having violated the law or committed a crime shall be referred to the judiciary authority.

**V. ALLOWANCES AND SUBSIDIES FOR THE INDEPENDENT DIRECTORS,
NON-EXECUTIVE DIRECTOR AND OTHER SUPERVISORS****(1) Standards for calculation of allowances and subsidies**

A fixed allowance policy shall apply to the Company's independent Directors, non-executive Director and Supervisors other than the chairman of the Supervisory Committee. A duty subsidy policy shall apply to the independent Directors, non-executive Director and external Supervisors. The standards for calculation of allowances and subsidies shall be linked to job duties and work performance.

1. Annual allowance for each independent non-executive Director and non-executive Director is RMB200,000 (RMB240,000 for independent non-executive Director who is a non-PRC resident), calculated and distributed on a monthly basis.
2. Annual allowance for the vice-chairman of the Supervisory Committee and external Supervisors is RMB150,000, calculated and distributed on a monthly basis; annual allowance for Supervisors representing workers and staff is RMB90,000, calculated and distributed on a monthly basis.
3. In addition to the above allowances, daily duty subsidy for each of the independent non-executive Directors and non-executive Director is RMB1,500 (RMB2,000 for independent non-executive Director who is a non-PRC resident) respectively and daily duty subsidy for the external Supervisors is RMB1,200.

(2) Performance requirements

In addition to participation in the Company's Board meetings, Supervisory Committee meetings, shareholders' general meetings and meetings of other specialised committees, the Company's independent non-executive Directors, non-executive Director and external Supervisors shall investigate the Company's production and operation, the establishment and execution of internal control and management as well as ESG performance and implementation of resolutions according to the Company's actual circumstances on an annual basis, conduct work discussions with the Company's management, participate in field studies on the Company's major investment, production and construction projects, etc.

In principle, the independent non-executive Directors, non-executive Director and external Supervisors shall work for the Company for not less than 15 effective working days every year, in which not less than 10 working days shall be dedicated to on-site work.

VI. OTHERS

- (1) The Directors or the Supervisors who serve as a director or supervisor concurrently in any subsidiary or associate company are entitled to receive additional director and supervisor allowance. They are required to report to the Board, and the Board shall review their additional allowance together with their annual salary during the assessment.
- (2) Full-time Directors and Supervisors are entitled to “five social insurances and two housing funds” and other statutory benefits provided by the Company in accordance with the provisions of national laws.
- (3) Any annual remuneration and allowance referred to in this proposal are tax-inclusive and the applicable tax is payable by the salaried personnel; individual income tax will be withheld and paid by the Company on behalf of the personnel.

VII. This proposal shall be effective during the term of service of the Board and the Supervisory Committee of the seventh term. The outstanding virtual shares of the Directors and Supervisors of the sixth term shall be realised according to the provisions of this proposal.

VIII. The Board proposes that the EGM authorises the chairman of the Board to, according to the terms and conditions he thinks fit, enter into service contracts and/or appointment letters with each of the Directors and the Supervisors, and deal with all other necessary and related matters, and authorises the nomination and remuneration committee of the Board to make proper amendments and adjustments to this assessment proposal according to the market conditions and operating results, etc., calculate the total amount of remunerations and propose it to the shareholders’ general meeting for approval.

IX. The implementation of the abovementioned proposal is subject to the approval at the EGM.

The aforesaid proposal has been considered and approved at the twenty-fifth extraordinary meeting in 2020 of the seventh term of the Board and is hereby tabled to the EGM for the Shareholders’ consideration.

Zijin Mining Group Co., Ltd.*
Board of Directors
11 December 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.

APPENDIX 4 PARTICULARS OF CANDIDATE PROPOSED TO BE ELECTED AS THE INDEPENDENT NON-EXECUTIVE DIRECTOR

Biography of Mr. Bo Shaochuan

Mr. Bo Shaochuan (薄少川), male and a Canadian citizen, aged 55, was born in October 1965 in Tangshan, Hebei Province. Mr. Bo obtained a master's degree and is a senior engineer. He has more than 30 years of investment and practical experience in the mining, oil and gas industries. He once worked for PetroChina and then joined Ivanhoe Capital Corporation in 1996, at which he successively held management positions in (Canada) Ivanhoe Mines, Ivanhoe Energy, Jinshan Gold Mines and other joint ventures/cooperative companies of Ivanhoe Capital Corporation. He also served as the general manager for business development of Ivanhoe Capital Corporation, taking charge of the group's business, legal, joint venture and cooperation affairs. He was a former director and senior management personnel of several mining companies in Canada, Australia and Brazil, as well as a consultant of a number of mining, oil and gas companies at home and abroad. He is currently the president of Orix Biotech Limited. Mr. Bo is an independent director of Sinomine Resource Group Co., Ltd. (stock code: 002738), a company listed on the Shenzhen Stock Exchange, a member of the Shenzhen Court of International Arbitration (SCIA) Minerals and Energy Experts Committee and a member of the Mining Arbitration Expert Committee of the Beihai Arbitration Commission/Beihai Court of International Arbitration. He is the author of *Ins and Outs International Mining*.

The proposed term of service of Mr. Bo Shaochuan will commence from the date of the EGM to the expiry of the seventh term of the Board being 29 December 2022.

Save as disclosed above and as at the Latest Practicable Date, Mr. Bo Shaochuan has not held any directorship in other public companies listed on any securities markets in the PRC, Hong Kong or overseas in the last three years, does not hold any other position with the Group and is not related to any Directors, Supervisors, senior management personnel, Substantial Shareholder or controlling shareholder of the Company. As at the Latest Practicable Date, Mr. Bo Shaochuan does not have any interests or short positions in the Shares of the Company or any of its associated corporations within the meaning of Part XV of the SFO.

Mr. Bo Shaochuan has not been penalised by the CSRC or other relevant departments and stock exchanges.

Before the nomination and remuneration committee of the Board nominated Mr. Bo Shaochuan to be the candidate for the independent non-executive Director, the committee has obtained information of the nominee, such as his employment history, educational background and work experience, and at the same time considered his potential contribution to the Company during the performance of his duties (including the time to be devoted, practical skills, knowledge base, work experience, whether he meets the requirements of prevailing board diversity policy, etc.).

APPENDIX 4 PARTICULARS OF CANDIDATE PROPOSED TO BE ELECTED AS THE INDEPENDENT NON-EXECUTIVE DIRECTOR

The nomination and remuneration committee of the Board is satisfied with the independence of Mr. Bo Shaochuan in accordance with, among other things, the factors set out in Rule 3.13 of the Listing Rules and his confirmation of independence.

The nomination and remuneration committee of the Board has reviewed and taken into consideration of the cultural and educational background, professional experience, etc. of Mr. Bo Shaochuan. Having regard to the relevant requirements of the Listing Rules and considered that he can bring to the Board the perspectives, skills and experience of his respective professional areas and contribute to the diversity of the Board, the nomination and remuneration committee of the Board believes he is a suitable candidate as the Director.

Save as disclosed above, the Board, to the best of its knowledge, is not aware of any other matters in relation to the appointment of Mr. Bo Shaochuan that need to be disclosed pursuant to Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules, nor are there any other matters which need to be brought to the attention of the Shareholders.

An ordinary resolution will therefore be proposed at the EGM to authorise the Board to enter into new service contract and/or appointment letter with Mr. Bo Shaochuan. His remuneration package will be based on the remuneration formula stated in Appendix 3: Remuneration and Assessment Proposal of Directors and Supervisors of the Seventh Term (which was approved at the extraordinary general meeting of the Company on 30 December 2019) to the circular of the Company dated 30 November 2019, and its subsequent amendments (if any).

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 of the Company 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	Approximate
						percentage of the relevant class of issued Shares (%)	percentage of all the issued Shares (%)
Chen Jinghe	Director	A Share	Long	Beneficial owner	62,000,000	0.32%	0.24%
		H Share	Long	Beneficial owner	20,000,000	0.35%	0.08%
		Total	Long	Beneficial owner	82,000,000		0.32%
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:

Name of Director	Position held in the specific company
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:

Name of shareholder	Class of Shares	Long/short position	Capacity	Number of Shares	Approximate percentage	
					Shares (%)	of the Approximate relevant class of issued Shares (%)
Minxi Xinghang	A Share	Long	Beneficial owner	6,083,517,704	30.97%	23.97%
State Street Bank & Trust Company	H Share	Lending pool	Approved lending agent	403,269,470 (Note 1)	7.03%	1.59%
BlackRock, Inc.	H Share	Long	Interest of controlled corporation	336,497,226 (Note 2)	5.87%	1.33%
		Short	Interest of controlled corporation	1,792,000 (Note 2)	0.03%	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	345,478,361 (Note 3)	6.02%	1.36%

Note 1: State Street Bank & Trust Company held 403,269,470 H Shares (lending pool) of the Company.

Note 2: BlackRock, Inc. had a long position in 336,497,226 H Shares (in which 2,408,000 H Shares were held through cash settled unlisted derivatives) and a short position in 1,792,000 H Shares (in which 138,000 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 3: 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 345,478,361 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 11 December 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:

Name	Qualification
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, MESSIS 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, MESSIS 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 the following documents 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 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 29 December 2020 (both days inclusive) and at the EGM.

- (a) the letter from the Independent Board Committee dated 11 December 2020, the text of which is set out on page 51 of this circular;

- (b) the letter from the Independent Financial Adviser dated 11 December 2020, the text of which is set out on pages 52 to 70 of this circular;
- (c) the consent letter from Messis 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.

NOTICE OF THE THIRD 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 Third Extraordinary General Meeting in 2020

NOTICE IS HEREBY GIVEN THAT the third extraordinary general meeting in 2020 (the “EGM”) of Zijin Mining Group Co., Ltd.* (the “Company”) will be held at 9 a.m. on Tuesday, 29 December 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 in relation to the Restricted A Share Incentive Scheme for 2020 (Revised Draft) and its summary of the Company;
2. To consider and approve the proposal in relation to the Administrative Measures for Implementation of Appraisal for the Restricted A Share Incentive Scheme for 2020 of the Company;
3. To consider and approve the proposal in relation to authorisation to the board of directors to handle all the matters relating to the Restricted A Share Incentive Scheme for 2020 of the Company;

ORDINARY RESOLUTIONS

4. To consider and approve the proposal in relation to amendment to the remuneration and assessment proposal of directors and supervisors of the seventh term;

NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING IN 2020

5. To supplementarily elect Mr. Bo Shaochuan (薄少川先生) as an independent non-executive director of the seventh term of the board of directors of the Company and authorise the board of directors of the Company to enter into service contract and/or appointment letter with the newly elected director subject to such terms and conditions as the board of directors shall think fit and to do all such acts and things and handle all other related matters as necessary;

6. To consider and approve the proposal in relation to shelf offering of corporate bonds by the Company (the following resolutions to be voted item by item);
 - 6.01 Par value and size of the issuance;
 - 6.02 Coupon rates or their determination methods;
 - 6.03 Term and types of the bonds;
 - 6.04 Use of proceeds;
 - 6.05 Method of the issuance, targets of the issuance and placement to existing shareholders;
 - 6.06 Guarantee arrangement;
 - 6.07 Redemption or sell-back provisions;
 - 6.08 Credit standing of the Company and safeguarding measures for repayment;
 - 6.09 Underwriting;
 - 6.10 Listing arrangement;
 - 6.11 Validity period of the resolution; and

7. To consider and approve the proposal in relation to authorisation to the board of directors or its authorised persons to handle the matters relating to shelf offering of corporate bonds.

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

11 December 2020, Fujian, the PRC

NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING IN 2020

Notes:

- (A) The Company's register of H Shares members will be closed from 23 December 2020 (Wednesday) to 29 December 2020 (Tuesday) (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 29 December 2020 (Tuesday, being the record date) will be entitled to attend and vote at the EGM to be convened on 29 December 2020 (Tuesday) 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 22 December 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 28 December 2020 (Monday).

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 Monday, 28 December 2020, Hong Kong time). The address is: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (F) In accordance with the relevant provisions of the Measures for the Administration of Equity Incentives of Listed Companies issued by the China Securities Regulatory Commission, Mr. Zhu Guang, an independent non-executive director of the Company, as the soliciting party, solicits voting rights from all shareholders of the Company in connection with the proposals (1) to consider and approve the proposal in relation to the Restricted A Share Incentive Scheme for 2020 (Revised Draft) and its summary of the Company; (2) to consider and approve the proposal in relation to the Administrative Measures for Implementation of Appraisal for the Restricted A Share Incentive Scheme for 2020 of the Company; and (3) to consider and approve the proposal in relation to authorisation to the Board to handle all the matters relating to the Restricted A Share Incentive Scheme for 2020 of the Company to be proposed at the EGM and the third H Shareholders' class meeting in 2020 of the Company (the "Third H Shareholders' Class Meeting").

NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING IN 2020

Mr. Zhu Guang has prepared the proxy forms for solicitation (the “**Proxy Form(s) for Solicitation**”) for the purposes of the appointment of him as proxy at the EGM and the Third H Shareholders’ Class Meeting respectively. If you intend to appoint Mr. Zhu Guang to act as your proxy and vote on your behalf at the EGM, please complete the Proxy Form for Solicitation for the EGM. To be valid, the Proxy Form for Solicitation for the EGM (and if the Proxy Form for Solicitation for the EGM 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 Monday, 28 December 2020, Hong Kong time). The address is: 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong.

If a shareholder repeatedly authorises the soliciting party about solicitation of voting rights, but the contents of authorisation are different, the last proxy form for solicitation signed by the shareholder shall be valid. If it is impossible to determine the time of signing, the proxy form for solicitation last received shall be valid. If it is impossible to determine the order of the proxy forms for solicitation which have been received, the soliciting party will seek confirmation of the appointing party by way of enquiry. If it is still impossible to confirm the contents of authorisation, the appointment of proxy will be invalid.

After the shareholder has authorised the solicitation of votes to the soliciting party, the shareholder may attend the meeting in person or by proxy but shall not have voting right over matters for which the solicitation of votes has been authorised to the soliciting party.

If the following circumstances occur after the proxy form for solicitation has been confirmed as valid, the soliciting party can handle as follows:

1. After authorising the solicitation of votes to the soliciting party, if the shareholder expressly revokes the authorisation to the soliciting party in writing before the deadline for on-site registration at the meeting, the authorisation to the soliciting party shall be deemed invalid automatically;
 2. If the shareholder has authorised the solicitation of votes to someone other than the soliciting party to register for and attend the meeting and expressly revokes the authorisation to the soliciting party in writing before the deadline for on-site registration at the meeting, the authorisation to the soliciting party shall be deemed invalid automatically;
 3. Shareholders shall specify their voting instructions in respect of the matters for which the solicitation of votes has been authorised to the soliciting party in the proxy form for solicitation, and choose only one option from “For”, “Against” and “Abstain”. If more than one option is selected or no option is selected, the proxy form for solicitation shall be deemed invalid.
- (G) 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.
- (H) 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.
- (I) 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.

NOTICE OF THE THIRD EXTRAORDINARY GENERAL MEETING IN 2020

EXPECTED TIMETABLE

	<i>Year 2020 (Note)</i>
Latest time for lodging transfer of shares	22 December (Tuesday) 4:30 p.m.
Book closure period (both days inclusive)	23 December (Wednesday) to 29 December (Tuesday)
Record date	29 December (Tuesday)
EGM	29 December (Tuesday)
Announcement on results of the EGM	29 December (Tuesday)
Register of members re-opens	30 December (Wednesday)

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.

NOTICE OF THE THIRD 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 Third H Shareholders' Class Meeting in 2020

NOTICE IS HEREBY GIVEN THAT the third H Shareholders' class meeting in 2020 (the **"Third H Shareholders' Class Meeting"**) of Zijin Mining Group Co., Ltd.* (the **"Company"**) will be held at 10:30 a.m. on Tuesday, 29 December 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 in relation to the Restricted A Share Incentive Scheme for 2020 (Revised Draft) and its summary of the Company;
2. To consider and approve the proposal in relation to the Administrative Measures for Implementation of Appraisal for the Restricted A Share Incentive Scheme for 2020 of the Company; and
3. To consider and approve the proposal in relation to authorisation to the board of directors to handle all the matters relating to the Restricted A Share Incentive Scheme for 2020 of the Company.

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

11 December 2020, Fujian, the PRC

NOTICE OF THE THIRD H SHAREHOLDERS' CLASS MEETING IN 2020

Notes:

- (A) The Company's register of H Shares members will be closed from 23 December 2020 (Wednesday) to 29 December 2020 (Tuesday) (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 29 December 2020 (Tuesday, being the record date) will be entitled to attend and vote at the Third H Shareholders' Class Meeting to be convened on 29 December 2020 (Tuesday) 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 Third 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 22 December 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 Third 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 28 December 2020 (Monday).

Details of the office of the Secretariat of the Board of Directors are as follows:

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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 Third 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 Third H Shareholders' Class Meeting (i.e. no later than 10:30 a.m. on Monday, 28 December 2020, Hong Kong time). The address is: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (F) In accordance with the relevant provisions of the Measures for the Administration of Equity Incentives of Listed Companies issued by the China Securities Regulatory Commission, Mr. Zhu Guang, an independent non-executive director of the Company, as the soliciting party, solicits voting rights from all shareholders of the Company in connection with the proposals (1) to consider and approve the proposal in relation to the Restricted A Share Incentive Scheme for 2020 (Revised Draft) and its summary of the Company; (2) to consider and approve the proposal in relation to the Administrative Measures for Implementation of Appraisal for the Restricted A Share Incentive Scheme for 2020 of the Company; and (3) to consider and approve the proposal in relation to authorisation to the Board to handle all the matters relating to the Restricted A Share Incentive Scheme for 2020 of the Company to be proposed at the third extraordinary general meeting in 2020 of the Company (the "EGM") and the Third H Shareholders' Class Meeting.

Mr. Zhu Guang has prepared the proxy forms for solicitation (the "Proxy Form(s) for Solicitation") for the purposes of the appointment of him as proxy at the EGM and the Third H Shareholders' Class Meeting respectively. If you intend to appoint Mr. Zhu Guang to act as your proxy and vote on your behalf at the Third H Shareholders' Class Meeting, please complete the Proxy Form for Solicitation for the Third H Shareholders'

NOTICE OF THE THIRD H SHAREHOLDERS' CLASS MEETING IN 2020

Class Meeting. To be valid, the Proxy Form for Solicitation for the Third H Shareholders' Class Meeting (and if the Proxy Form for Solicitation for the Third H Shareholders' Class Meeting 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 Third H Shareholders' Class Meeting (i.e. no later than 10:30 a.m. on Monday, 28 December 2020, Hong Kong time). The address is: 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

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- (G) If a proxy is appointed to attend the Third 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 Third 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.
- (H) Completion and delivery of the proxy form will not preclude a holder of H Shares from attending and voting in person at the Third H Shareholders' Class Meeting if he/she so wishes.
- (I) The Third H Shareholders' Class Meeting is expected to last for a half day, and shareholders attending the Third H Shareholders' Class Meeting will be responsible for their own travelling and accommodation expenses.

NOTICE OF THE THIRD H SHAREHOLDERS' CLASS MEETING IN 2020

EXPECTED TIMETABLE

	<i>Year 2020 (Note)</i>
Latest time for lodging transfer of shares	22 December (Tuesday) 4:30 p.m.
Book closure period (both days inclusive)	23 December (Wednesday) to 29 December (Tuesday)
Record date	29 December (Tuesday)
Third H Shareholders' Class Meeting	29 December (Tuesday)
Announcement on results of the Third H Shareholders' Class Meeting	29 December (Tuesday)
Register of members re-opens	30 December (Wednesday)

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.

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