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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)**

## **Announcement in relation to Absorption and Merger of Wholly-owned Subsidiaries and Change in the Main Implementation Entity of One of the Projects to be Invested by the Proceeds Raised**

At the twelfth extraordinary meeting in 2021 of the seventh term of the board of directors (the "Board") and the third extraordinary meeting in 2021 of the seventh term of the supervisory committee (the "Supervisory Committee") of Zijin Mining Group Co., Ltd.\* (the "Company" or "Zijin Mining") convened on 22 November 2021, the proposal in relation to absorption and merger of Tongshan Mining by Duobaoshan Copper and change in the main implementation entity of one of the projects to be invested by the proceeds raised was considered and approved. It was agreed that Heilongjiang Duobaoshan Copper Industry Inc. ("Duobaoshan Copper"), a wholly-owned subsidiary of the Company, shall be the main entity to absorb and merge with Heilongjiang Tongshan Mining Co., Ltd. ("Tongshan Mining"), another wholly-owned subsidiary of the Company (the "Absorption and Merger"). Upon the completion of the Absorption and Merger, Duobaoshan Copper will continue to exist, while the legal entity status of Tongshan Mining will be cancelled pursuant to the laws. All assets, liabilities, debts, personnel and operation of Tongshan Mining will be taken over or assumed by Duobaoshan Copper pursuant to the laws. The main implementation entity of "Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd." (one of the projects to be invested by the proceeds raised in the public issuance of A Share convertible corporate bonds for the year 2020 of the Company) will be changed from Tongshan Mining to Duobaoshan Copper (the "Change in the Main Implementation Entity"), and the investment amount, use, implementation location and other plans of such project will remain unchanged.

The Absorption and Merger do not constitute a connected transaction or a material asset restructuring under the stipulations of the Measures for the Administration of the Material Asset Restructurings of Listed Companies. The Absorption and Merger are within the consideration authority of the Board, and are not necessary to be tabled to the Company's shareholders' general meeting for consideration.

### **I. Basic information of the proceeds raised and details of the project investment**

Pursuant to the approval under the Reply in relation to Approval of Public Issuance of A Share Convertible Corporate Bonds of Zijin Mining Group Co., Ltd.\* issued by the China Securities Regulatory Commission (Zhengjian Xuke [2020] No. 2613), the Company publicly issued 60,000,000 A Share convertible corporate bonds with a nominal value of RMB100 each. The total amount of proceeds raised was RMB6 billion. After

deducting the relevant issuance expenses of RMB29,714,932.75, the actual amount of net proceeds raised was RMB5,970,285,067.25. Ernst & Young Hua Ming LLP verified the deposit of the proceeds raised under the issuance and issued Verification Report of Proceeds Raised in Public Issuance of Convertible Corporate Bonds of Zijin Mining Group Co., Ltd.\* (Ernst & Young Hua Ming (2020) Yanzi No. 60468092\_H01) on 9 November 2020. The Company had deposited the proceeds raised into specific bank accounts.

As at 30 June 2021, the total amount of proceeds proposed to be used in the “Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd.” being implemented by Tongshan Mining was RMB680 million. The amount of proceeds already used was RMB29.9986 million, and the percentage of the proceeds used was 4.41%. The project is currently at the construction stage and it is expected to reach the designated usable condition before the end of the first quarter of 2024.

## **II. Basic information of, reasons for and method of the Absorption and Merger of wholly-owned subsidiaries and the Change in the Main Implementation Entity**

### **(I) Basic information**

In accordance with the Company’s development plan, for the purposes of reducing management costs, integrating resources effectively and improving the overall operational efficiency, it is proposed that Duobaoshan Copper, a wholly-owned subsidiary of the Company, shall absorb and merge with Tongshan Mining, another wholly-owned subsidiary of the Company. Upon the completion of the Absorption and Merger, Duobaoshan Copper will continue to exist, while the legal entity status of Tongshan Mining will be cancelled pursuant to the laws. All assets, liabilities, debts, personnel and operation of Tongshan Mining will be taken over or assumed by Duobaoshan Copper pursuant to the laws. The main implementation entity of “Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd.” (the corresponding project to be invested by the proceeds raised) will be changed from Tongshan Mining to Duobaoshan Copper, and the total investment amount, implementation location, use of the project, expected benefits and other plans of such project will remain unchanged.

### **(II) Basic information of the parties of the merger**

#### **1. Merging party**

Company name: Heilongjiang Duobaoshan Copper Industry Inc.

Date of establishment: 5 January 2006

Registered address: 17 kilometers from Duobaoshan Town, Nenjiang County, Heihe City, Heilongjiang Province

Legal representative: Lai Guihua

Registered capital: RMB2 billion

Scope of business: mining of copper and molybdenum ore (operations are subject to the scope of the licence). Processing and sales of mineral products (except those requiring special approval). Mining technology development, consultation and transfer.

As at 31 December 2020, the total assets, total liabilities and net assets of Duobaoshan Copper amounted to RMB8.02510 billion, RMB3.71098 billion and RMB4.31412 billion, respectively. The realised operating income and net profit for 2020 amounted to RMB4.52723 billion and RMB1.06254 billion, respectively.

## **2. Merged party**

Company name: Heilongjiang Tongshan Mining Co., Ltd.

Date of establishment: 10 March 2006

Registered address: 23 kilometers from Duobaoshan Town, Nenjiang County, Heihe City, Heilongjiang Province

Legal representative: Lai Guihua

Registered capital: RMB1.3066528 billion

Scope of business: mining and processing of copper. Refining (except for dangerous chemicals and products subject to supervisory monitoring) and sales (except for those prohibited by the country's laws and regulations) of copper.

As at 31 December 2020, the total assets, total liabilities and net assets of Tongshan Mining amounted to RMB594.88 million, RMB86.40 million and RMB508.48 million, respectively. The realised operating income and net profit for 2020 amounted to RMB462.49 million and RMB182.40 million, respectively.

### **(III) Reasons for the Absorption and Merger of wholly-owned subsidiaries and the Change in the Main Implementation Entity**

The location of the Duobaoshan Copper (Molybdenum) Mine and the Tongshan Mine are close to each other. The Absorption and Merger are beneficial to the joint development of the Duobaoshan Copper (Molybdenum) Mine and the Tongshan Mine, and to fully leverage on the strengths of the two wholly-owned subsidiaries. A unified joint mining and processing system can be formed, and the mineral resources can be developed and used in a more reasonable manner. At the same time, it can facilitate the planning, design and relevant managing work in mineral resources, safe production, environmental protection, land saving, water and soil conservation, reclamation, etc., which can further reduce management costs and improve the overall operational efficiency.

### **(IV) Method and scope of the Absorption and Merger**

1. It is proposed to use Doubaoshan Copper as the main entity to absorb and merge with Tongshan Mining. Upon the completion of the Absorption and Merger, Duobaoshan Copper will continue to exist. The legal entity status of Tongshan Mining will be cancelled pursuant to the laws. Duobaoshan Copper, as the main operating entity, will manage the absorbed assets and operation;

2. The assets and personnel of Tongshan Mining will be taken over unconditionally by Duobaoshan Copper. All liabilities and debts of Tongshan Mining will be assumed by Duobaoshan Copper;

3. After the consideration and approval of the Absorption and Merger by the Board, the two parties will sign the Agreement on Absorption and Merger to execute the formalities for deregistration of enterprise and asset transfer as soon as possible;

4. The main implementation entity of the Company's project to be invested by the proceeds raised, "Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd.", will be changed from Tongshan Mining to Duobaoshan Copper. Upon the completion of the Absorption and Merger, a trilateral supervision agreement will be re-signed for the unused proceeds raised, and the proceeds raised will continue to be managed by the specific bank accounts.

### **III. Purpose of the Absorption and Merger and the Change in the Main Implementation Entity and the impacts on the Company**

Before the Absorption and Merger, Duobaoshan Copper and Tongshan Mining are both wholly-owned subsidiaries of the Company. Their financial statements have been included in the Company's consolidated financial statements. The Absorption and Merger will not have a significant impact on the Company's financial position. After the Change in the Main Implementation Entity of "Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd.", the implementation location, use of the project, investment amount, expected benefits and other investment plans will remain unchanged. The Change in the Main Implementation Entity will not have adverse impacts on the project. Through the Absorption and Merger, the Company can further integrate resources, reduce management costs, fully leverage on the economic benefits from asset integration, which is in line with the Company's management needs and development strategy, and it is beneficial to the sustainable, stable and healthy development of the Company.

### **IV. Relevant opinion on the Absorption and Merger and the Change in the Main Implementation Entity**

#### **(I) Opinion of the independent directors**

The Company's Absorption and Merger and the Change in the Main Implementation Entity have satisfied the necessary decision-making procedures. The Change in the Main Implementation Entity caused by the Absorption and Merger will not have substantive impacts on the implementation of the Company's investment project to be invested by the proceeds raised. There is no change in the investment amount, use and implementation location of the original project as well as the investment direction of the proceeds raised, and there is no prejudice to the interests of the shareholders. It complies with the relevant stipulations of the Regulatory Guidelines on the Listed Companies No. 2 - Regulatory Requirements for the Management and Utilisation of Proceeds Raised by Listed Companies, Administrative Measures for Proceeds Raised by Companies Listed on the Shanghai Stock Exchange (Revised in 2013) and other relevant laws and regulations, regulatory documents as well as the articles of association of the Company. It will not have significant adverse impacts on the overall business development and profitability of the Company. It is beneficial to the sustainable, stable and healthy development of the Company, which is in line with the interests of the Company and all of its shareholders. The independent directors unanimously agreed on the implementation of the proposal in relation to absorption and merger of Tongshan Mining by Duobaoshan Copper and change in the main implementation entity of one of the projects to be invested by the proceeds raised.

#### **(II) Opinion of the Supervisory Committee**

The decision-making procedures of the Absorption and Merger and the Change in the Main Implementation Entity complies with the relevant stipulations of the Regulatory Guidelines on the Listed Companies No. 2 - Regulatory Requirements for the Management and Utilisation of Proceeds Raised by Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange (Revised in 2020), Administrative Measures for Proceeds Raised by Companies Listed on the Shanghai Stock Exchange (Revised in 2013) and other relevant laws, regulations, regulatory documents as well as the articles of association of the Company. It is beneficial to resource integration and reduction of management costs, will not have adverse impacts on the project to be invested by the proceeds raised, and is in line with the interests of the Company

and all of its shareholders. The Supervisory Committee agreed on the Company's implementation of the proposal in relation to absorption and merger of Tongshan Mining by Duobaoshan Copper and change in the main implementation entity of one of the projects to be invested by the proceeds raised.

### **(III) Opinion of the sponsor**

Upon verification, Essence Securities Co., Ltd. ("Essence Securities"), the sponsor, is of the view that: the Absorption and Merger of Tongshan Mining by Duobaoshan Copper, a wholly-owned subsidiary of Zijin Mining, and the Change in the Main Implementation Entity are beneficial to the integration of Zijin Mining's internal resources, joint development of the Duobaoshan Copper (Molybdenum) Mine and the Tongshan Mine, optimisation of the management structure of subsidiaries, improving the operational and management efficiency and reduction of management costs. The Change in the Main Implementation Entity caused by the Absorption and Merger of subsidiaries will not have substantial impacts on the implementation of the Company's projects to be invested by the proceeds raised. There is no change in the investment amount, use and implementation location of "Mining project in the Tongshan Mine of Heilongjiang Tongshan Mining Co., Ltd." (one of the projects to be invested by the proceeds raised in the public issuance of A Share convertible corporate bonds for the year 2020 of the Company) as well as the investment direction of the proceeds raised, and there is no prejudice to the interests of the shareholders.

The abovementioned Absorption and Merger of subsidiaries and the Change in the Main Implementation Entity have been considered and approved at the twelfth extraordinary meeting in 2021 of the seventh term of the Board and the third extraordinary meeting in 2021 of the seventh term of the Supervisory Committee of Zijin Mining convened on 22 November 2021. Both the Supervisory Committee and independent directors have issued their clear consent opinions. The matters comply with the stipulations of the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, Administrative Measures for Proceeds Raised by Companies Listed on the Shanghai Stock Exchange and other relevant regulations.

In summary, Essence Securities is of the view that the Absorption and Merger of subsidiaries and the Change in the Main Implementation Entity of Zijin Mining are in the interests of the Company and its shareholders, and comply with the relevant stipulations in the laws and regulations. The sponsor has no objection to the Absorption and Merger of subsidiaries and the Change in the Main Implementation Entity of Zijin Mining.

**The Absorption and Merger and the Change in the Main Implementation Entity do not constitute a notifiable transaction or connected transaction of the Company under Chapters 14 and 14A of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.**

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

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

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Lan Fusheng, Zou Laichang, Lin Hongfu, Ms. Lin Hongying and Mister Xie Xionghui as executive directors, Mister Li Jian as non-executive director, and Messrs. Zhu Guang, Mao Jingwen, Li Changqing, He Fulong, Suen Man Tak and Bo Shao Chuan as independent non-executive directors.

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

23 November 2021, Fujian, the PRC

*\*The Company's English name is for identification purpose only*