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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)**

### **Continuing Connected Transaction**

Reference is made to the announcement of the Company dated 28 January 2019 in relation to the continuing connected transaction between Xinjiang Ashele and Xinjiang Wuxin Copper under the Previous Copper Concentrates Supply Contract. The Previous Copper Concentrates Supply Contract expired on 31 December 2019. The Board announced that on 31 January 2020, Xinjiang Ashele, as the seller, entered into the Copper Concentrates Supply Contract with Xinjiang Wuxin Copper, as the buyer, for a term effective from 1 January 2020 to 31 December 2020.

The Company is one of the substantial shareholders of Xinjiang Ashele, currently holding 51% equity interest in Xinjiang Ashele. Xinjiang Ashele is a non-wholly owned subsidiary of the Company. Xinjiang Nonferrous holds 34% equity interest in Xinjiang Ashele. Xinjiang Wuxin Copper is a subsidiary of Xinjiang Nonferrous and therefore a connected person to the Company at the subsidiary level (as defined in the Listing Rules). Therefore, under Chapter 14A of the Listing Rules, the Transaction constitutes a continuing connected transaction of the Company.

The Transaction, which is continuous in nature, was entered into in the ordinary and usual course of business of the Company. As one or more of the applicable percentage ratios (as set out in the Listing Rules, other than the profits ratio) in relation to the Transaction is, on an annual basis, more than 1% but all the applicable percentage ratios are less than 5%, the Transaction constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules with exemption on the requirements of circular and approval from the Independent Shareholders, but is subject to annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules.

The Board announced that on 31 January 2020, Xinjiang Ashele, as the seller, entered into the Copper Concentrates Supply Contract with Xinjiang Wuxin Copper, as the buyer, for a term effective from 1 January 2020 to 31 December 2020.

## PRINCIPAL TERMS OF THE COPPER CONCENTRATES SUPPLY CONTRACT

Date: 31 January 2020

Parties: Seller:

Xinjiang Ashele, a non-wholly owned subsidiary of the Company and a company established in the PRC with limited liability, and is mainly engaged in the development of the Ashele copper mine in Xinjiang.

Buyer:

Xinjiang Wuxin Copper. The controlling shareholder of Xinjiang Wuxin Copper is Xinjiang Nonferrous. Xinjiang Wuxin Copper is mainly engaged in:

General business scope: Refining, processing, sales, import and export services of common non-ferrous metals, technology import and export and agent of import and export; import and export of machinery and equipment, instruments, meters and their spare parts and the raw and auxiliary materials required for production in the factory; development of technology and consultation, technology service; warehousing; leasing of houses; import and export of various kinds of goods and technology to neighbouring countries through small trades on the border (except goods and technology which import and export are restricted by the state); import of five types of waste and used materials including scrap steel, scrap copper, scrap aluminium, waste paper and waste plastic which are approved by the state and allowed to be operated under border trade; production of hazardous chemicals (430,000 tonnes of sulphuric acid/year)

Product of sales: Copper concentrates

Pricing:

- (1) The settlement price of copper concentrates containing copper shall be determined according to the monthly arithmetic average settlement price of standard copper cathodes under spot contract in Shanghai Futures Exchange for each trading day in the month when deliveries are made from the mining area (as determined by the date of delivery of the goods; from the 1st day to the last day of each month) as a benchmark price multiplied by a relevant price coefficient;
- (2) The settlement price of copper concentrates containing gold shall be determined according to the monthly arithmetic weighted average settlement price of AU99.95 gold in Shanghai Gold Exchange for each trading day in the month

when deliveries are made from the mining area (from the 1st day to the last day of each month) as a benchmark price multiplied by a relevant price coefficient;

- (3) The settlement price of copper concentrates containing silver shall be determined according to the monthly arithmetic average settlement price of No. 3 Guobiao silver in Shanghai Huatong Silver Exchange for each trading day in the month when deliveries are made from the mining area (from the 1st day to the last day of each month) as a benchmark price multiplied by a relevant price coefficient;
- (4) Price will be reduced in accordance with the provisions of the contract if impurities which do not comply with the provisions of the contract are found in the concentrates.

Term: From 1 January 2020 to 31 December 2020

- Payment terms:
1. Full payment shall be made by the buyer in advance by wire transfer according to the forecast grade, quantity and forecast price for the month as informed by the seller.
  2. The principle of delivery of goods and payment by both parties: until the buyer makes the full payment, no copper concentrates shall be delivered by the seller; the total price of goods shall be settled on time on a monthly basis.

The price coefficient of copper concentrates containing copper will be principally determined based on factors including smelting and processing costs of imported copper concentrates (treatment and refining charges), balance of demand and supply of copper concentrates and transporting distance between the supplier and the buyer. The price coefficients of copper concentrates containing gold and silver will be determined principally based on factors including their respective amounts contained in copper concentrates.

The terms of the Copper Concentrates Supply Contract were arrived at after an arm's length negotiation between Xinjiang Ashele and Xinjiang Wuxin Copper.

## **HISTORICAL FIGURES AND PROPOSED ANNUAL CAP**

The Company proposes that the maximum amount (the "Proposed Annual Cap") of the Copper

Concentrates Supply Contract for the year ending 31 December 2020 to be RMB1.3 billion.

The Proposed Annual Cap of the Copper Concentrates Supply Contract for the year ending 31 December 2020 was determined with reference to the production plan of Xinjiang Ashele and the planned requirement of Xinjiang Wuxin Copper. It is estimated that Xinjiang Ashele will sell copper concentrates containing not more than 25,300 tonnes of copper metal to Xinjiang Wuxin Copper for the year ending 31 December 2020. The details of the historical figures of previous copper concentrates supply contracts for the years ended 31 December 2017, 31 December 2018 and 31 December 2019 and the Proposed Annual Cap of the Copper Concentrates Supply Contract for the year ending 31 December 2020 are as follows:

		Historical figures for the year ended 31 December			Proposed Annual Cap for the year ending 31 December 2020 RMB
		2017 RMB	2018 RMB	2019 RMB	
1.	Sales of copper concentrates to Xinjiang Wuxin Copper (Note)	N/A	989,950,000 (audited)	995,140,000 (unaudited)	1,300,000,000
2.	Sales of copper concentrates to Xinjiang Nonferrous Metal Industrial Materials (Group) Co., Ltd. (Note)	803,336,000 (audited)	N/A	N/A	N/A

Note: The controlling shareholder of Xinjiang Wuxin Copper and Xinjiang Nonferrous Metal Industrial Materials (Group) Co., Ltd. is Xinjiang Nonferrous.

As at the date of this announcement, the cumulative transaction amount occurred in 2020 was approximately RMB119.93 million (unaudited).

## CONNECTED RELATIONSHIP BETWEEN THE PARTIES TO THE TRANSACTION

The Company is one of the substantial shareholders of Xinjiang Ashele, currently holding 51% equity interest in Xinjiang Ashele. Xinjiang Ashele is a non-wholly owned subsidiary of the Company. Xinjiang Nonferrous holds 34% equity interest in Xinjiang Ashele. Xinjiang Wuxin Copper is a subsidiary of Xinjiang Nonferrous and therefore a connected person to the Company at the subsidiary level (as defined in the Listing Rules). Therefore, under Chapter 14A of the Listing Rules, the Transaction constitutes a continuing connected transaction of the Company.

## REASONS FOR AND BENEFITS OF THE PROPOSED TRANSACTION

The Company is principally engaged in the mining, production, refining and sales of gold and other mineral resources in the PRC. The sales of copper concentrates from Xinjiang Ashele to Xinjiang Wuxin Copper can broaden sales channels of the Group in Xinjiang. Therefore, the Directors (including the independent non-executive Directors) consider that the terms of the Copper Concentrates Supply Contract are on normal commercial terms and in ordinary and usual course of business of the Group, and are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

## **MATERIAL INTEREST**

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the Continuing Connected Transaction and is required to abstain from voting on the Board resolutions relating to the Transaction.

## **GENERAL**

The Transaction, which is continuous in nature, was entered into in the ordinary and usual course of business of the Company. As one or more of the applicable percentage ratios (as set out in the Listing Rules, other than the profits ratio) in relation to the Transaction is, on an annual basis, more than 1% but all the applicable percentage ratios are less than 5%, the Transaction constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules with exemption on the requirements of circular and approval from the Independent Shareholders, but is subject to annual review, reporting and announcement requirements under Chapter 14A of the Listing Rules.

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

## **DEFINITIONS**

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

“Board”	the board of Directors of the Company
“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
“Continuing	the connected transaction contemplated under the Copper Concentrates

Connected Transaction” or “Transaction”	Supply Contract which was entered into between Xinjiang Ashele and Xinjiang Wuxin Copper on a continuing basis
“Copper Concentrates Supply Contract”	the contract entered into between Xinjiang Ashele and Xinjiang Wuxin Copper on 31 January 2020 in relation to, inter alia, the sales of copper concentrates from Xinjiang Ashele to Xinjiang Wuxin Copper for a term effective from 1 January 2020 to 31 December 2020
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholder(s)”	any Shareholder of the Company that is not required to abstain from voting at a shareholders’ general meeting to approve a connected transaction
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, for the purpose of this announcement, excludes Hong Kong SAR, Macau SAR and Taiwan
“Previous Copper Concentrates Supply Contract”	the contract entered into between Xinjiang Ashele and Xinjiang Wuxin Copper on 28 January 2019 in relation to, inter alia, the sales of copper concentrates from Xinjiang Ashele to Xinjiang Wuxin Copper for a term effective from 1 January 2019 to 31 December 2019
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinjiang Ashele”	新疆哈巴河阿舍勒銅業股份有限公司 (Xinjiang Habahe Ashele Copper Company Limited), a company established in the PRC with limited liability, and is owned as to 51% by the Company and a non-wholly owned subsidiary of the Company

“Xinjiang Nonferrous”	新疆有色金屬工業（集團）有限責任公司（Xinjiang Nonferrous Metal Industry (Group) Co., Ltd.），a company established in the PRC
“Xinjiang Wuxin Copper”	新疆五鑫銅業有限責任公司（Xinjiang Wuxin Copper Co., Ltd.），a company established in the PRC, the controlling shareholder of which is Xinjiang Nonferrous
“%”	per cent

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

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

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

2 February 2020, Fujian, the PRC

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