

THE OIC GROUP

HKG GROUP 3

Monthly Report

November 2025



OIC Research Group | Analyst Group Report

Director: Karson Shi Analysts: Cheri Cheng, Kurt Hui, Marcus Chan, Yvonne Do

November 2025

Zijin Gold International Co Ltd (2259.HK)

Transaction Summary

IPO Date	September 30, 2025
Issuance Platform	HKEX
Amount Raised	HK\$ 25 bn
Offered Price	HK\$ 71.59
Opening Price	HK\$111.50
IPO Date Closing Price	HK\$120.60
Current Price	HK\$143.80 (11/11/2025)
Number of Shares	348,990,700 shares
Listing Structure	H-share spin-off from parent company Zijin Mining Group Co., Ltd
Pre-IPO Cornerstone Investors	GIC, Hillhouse, BlackRock, Schrodgers, Fidelity International, UBS, CPIC, etc.
Lead Underwriters	Morgan Stanley Asia Limited, CITIC Securities (Hong Kong) Limited

Deal Rationale

- **Enhanced operational autonomy with an international focus:** By spinning off its international gold operations from Zijin Mining, Zijin Gold gains greater autonomy to focus on growth outside mainland China. This IPO marks a significant step in granting the company **operational independence** and dedicated capital for its overseas mines while **reducing regulatory exposure** in China.
- **Revaluation of gold assets:** Parent company Zijin Mining's valuation lagged copper and gold peers due to a **conglomerate discount**. The Hong Kong listing of its overseas gold assets could realign Zijin's valuation with pure-play miners, thus **unlocking shareholder value**
- **Favorable timing:** The listing occurs amid robust demand for gold, driven by heightened geopolitical tensions and the outset of monetary easing cycles across multiple regions. This increased investor interest supports Zijin Gold's aggressive growth strategy within a **positive gold market environment**.

Use of Proceeds

- Approximately 33.4% of the net proceeds will be used to settle the consideration for the **acquisition of the Kazakhstan Raygorodok Gold Mine**, while another 50.1% will be used over the next 5 years for the **upgrade and construction project of existing mines** to fully enhance our production capabilities.
- Around 6.5% will go towards the **exploration activities** to fully realize the company's growth potential over the next 5 years
- Additionally, around 10% will be dedicated for general corporate purpose

Company Overview



Zijin Gold International (HKG: 2259)

Zijin Gold International Company Limited serves as a **key subsidiary of Zijin Mining Group Co., Ltd.** It is the **world top gold producer outside North America** by output growth. The company operates as an investment holding entity primarily engaged in the exploration, mining, processing, smelting, refining, and sales of gold products. Its product portfolio includes gold bullion, gold alloys, gold concentrates, and doré bars, marketed predominantly through Hong Kong channels.

Founded Year	2007
HQ	Hong Kong
Sector	Gold Mining
Market Cap	HK\$ 369 bn
FY24 Revenue	HK\$ 2.99 bn
FY24 EBITDA	HK\$ 1.39 bn
EV/Sales	13.21x
EV/EBITDA	25.20x

Gold Mine and Reserve

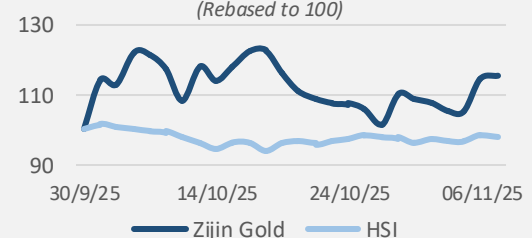
- Gold reserves of 27.5 Million Ounces as of December 31, 2025
- Holds interests in 8 gold mines across regions

Products



- Gold Concentrates
- Gold Dore
- Gold Ingots

Change in Stock Price of Zijin Gold VS HSI
(Rebased to 100)

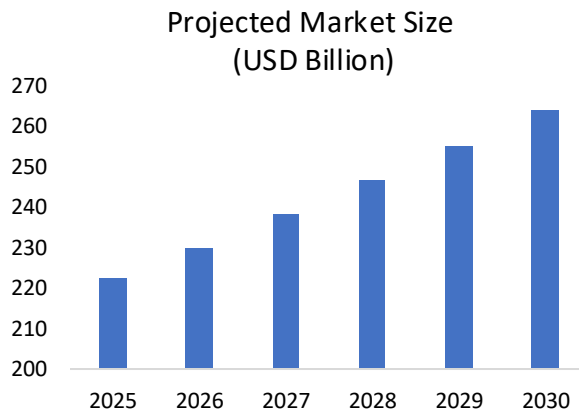


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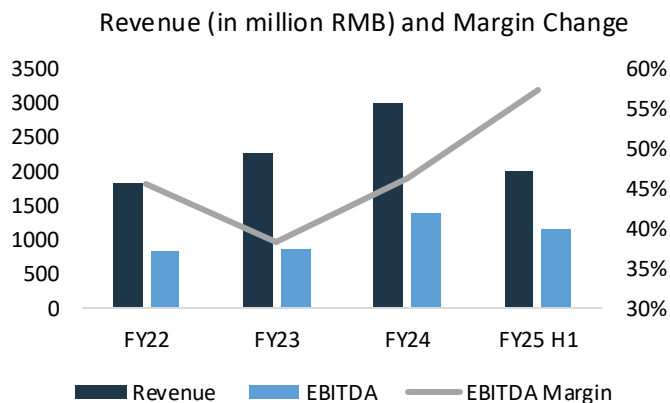
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Industry Overview: Dynamic and Resilient Gold Mining Industry



- Industry involves exploration, extraction, processing, and sale of gold, often as a primary product or byproduct
- Valued at approximately **USD 215 billion in 2024** and projected to grow at a **3.50% CAGR from 2025 to 2030**
- **Key players** are Newmont Corporation, Agnico Eagle Mines, Shandong Gold Mining, AngloGold Ashanti
- Demand driven by **soaring gold prices amid geopolitical tensions and economic uncertainties** and rising demand from technology and investment sectors
- Comparable IPO cases: PT Merdeka Gold Resources (Indonesia, 2025), Auric Mining Ltd. (Western Australia Mining, 2021)

Operational Metrics: Strong Momentum in Multiple Facets



- The newly acquired Akyem Gold Mine contributed a substantial output boost, driving a **projected 30% CAGR in revenue** with annual run rate estimates **near \$3.99B for FY25**. This operational uplift underscores Zijin Gold International's accelerated growth and positions Akyem as a high-performing, core revenue asset.
- Zijin Gold International has shown robust top-line and profitability momentum, **with revenue scaling from \$1.82B in FY22 to \$2.99B in FY24 and EBITDA growing to \$1.38B** over the same period. Notably, EBITDA margin dipped to 38.2% in FY23 amid cost pressures but rebounded to 46.3% in FY24 and surged to 57.4% in FY25 H1, highlighting **effective cost control and healthy margin expansion**.
- Zijin Gold International generated operating cash flow of \$876M in FY24, with free cash flow of \$420B in the same period, reflecting **robust cash conversion**.
- Capex as % of CFFO decreased from 69.6% in FY22 to 54.1% in FY24. This trend **indicates enhanced capital discipline and greater efficiency**, enabling the company to support growth without overextending investment budgets.

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Comparable Analysis

Trading Comps

- **Valuation Positioning:** Zijin Gold International (SEHK:2259) screens at higher TEV/Revenue and TEV/EBIT multiples than most peers in the comp set, suggesting the market is **pricing in superior growth, asset quality, or lower jurisdictional/operational risk**. Premium multiples also imply **less downside cushion** if execution or commodity prices disappoint.
- **Profitability and expectations:** The company's elevated TEV/EBITDA and P/E versus peers indicate investors **expect stronger margins, project pipeline delivery**, and sustained cash flow. If future costs, grades, or expansion timelines underperform, multiples could compress toward peer medians; conversely, **continued margin resilience or reserve additions** could justify the premium.

Company Name	TEV/Total Revenues LTM - Latest	TEV/EBITDA LTM - Latest	TEV/EBIT LTM - Latest	P/Diluted EPS Before Extra LTM - Latest
Zhaojin Mining Industry Company Limited (SEHK:1818)	6.9	20.3	28.2	43.1
Harmony Gold Mining Company Limited (JSE:HAR)	2.6	7.3	8.9	14.0
Evolution Mining Limited (ASX:EVN)	5.8	11.4	17.5	25.5
Endeavour Mining plc (TSX:EDV)	3.0	5.4	10.1	45.4
Pan American Silver Corp. (TSX:PAAS)	5.0	11.6	19.5	22.4
Lingbao Gold Group Company Ltd. (SEHK:3330)	1.5	10.7	13.3	16.9
Gold Fields Limited (JSE:GFI)	5.7	10.3	12.9	19.4
B2Gold Corp. (TSX:BTO)	2.4	2.9	3.6	27.1
Chifeng Jilong Gold Mining Co.,Ltd. (SHSE:600988)	5.0	10.6	13.2	20.4
IAMGOLD Corporation (TSX:IMG)	4.1	9.5	13.8	24.6
Zijin Gold International Company Limited (SEHK:2259)	13.9	27.8	37.4	32.7
High	6.9	20.3	28.2	45.4
Low	1.5	2.9	3.6	14.0
Mean	4.2	10.0	14.1	25.9
Median	4.5	10.4	13.3	23.5

Precedent Transaction

- **Valuation inference from precedents:** The observed range of transaction metrics and capital raised (approximately US\$60–255 million in comparable gold offerings and M&A) provides an **empirical anchor** for Zijin Gold International's prospective IPO valuation and proceeds. Positioning within this band should be calibrated to the company's production visibility, reserve quality, all-in sustaining cost profile, and asset life—attributes that correspond with **upper-quartile enterprise value multiples** and **larger raises** in the precedent set.
- **Drivers of premium:** Precedent transactions that cleared at premiums to trading comparables indicate investor willingness to pay for **de-risked reserves**, near-term growth catalysts, Tier 1 jurisdictional exposure, and durable margin resilience. To justify targeting upper-quartile multiples and proceeds at IPO, Zijin should evidence these characteristics through **independently verified resources, a credible growth pipeline, disciplined capex, and strong cost competitiveness**; conversely, elevated permitting, execution, or grade risk would warrant anchoring expectations closer to precedent medians.

Date	Company Name	Country/Region	Amount Raised (US\$)
December 7, 2006	Zhaojin Mining Industry Company Limited (SEHK:1818)	South Africa	255 mn
May 17, 1994	Harmony Gold Mining Company Limited (JSE:HAR)	South Africa	125 mn
August 20, 2002	Evolution Mining Limited (ASX:EVN)	China	248 mn
June 14, 2021	Endeavour Mining plc (TSX:EDV)	Canada	60 mn
June 16, 1995	Pan American Silver Corp. (TSX:PAAS)	United Kingdom	43 mn
January 12, 2006	Lingbao Gold Group Company Ltd. (SEHK:3330)	Canada	108 mn
January 1, 1998	Gold Fields Limited (JSE:GFI)	Australia	
December 6, 2007	B2Gold Corp. (TSX:BTO)	China	100 mn
March 10, 2025	Chifeng Jilong Gold Mining Co.,Ltd. (SHSE:600988)	Canada	150 mn
March 8, 1996	IAMGOLD Corporation (TSX:IMG)	China	58 mn

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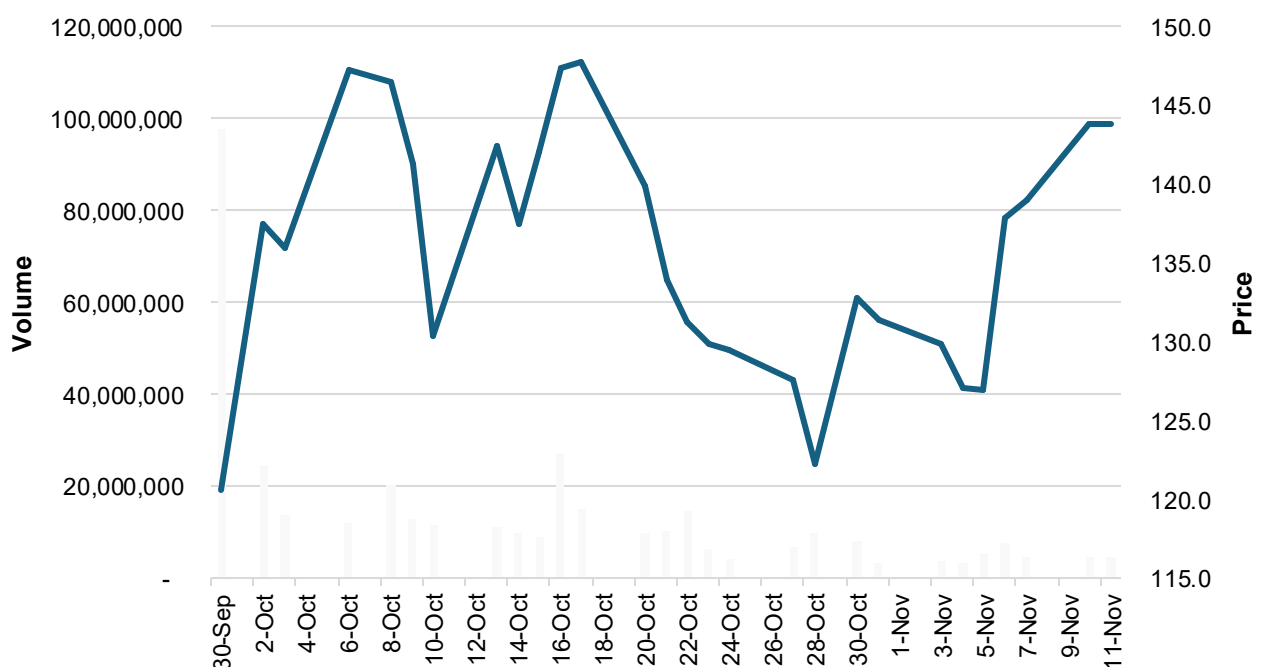
Market Reaction

Pre-Offering: Favorable timing amid gold rally and solid operational record

- **Favorable IPO timing give the gold price rally:** Zijin Gold International, the overseas gold mining subsidiary of China's Zijin Mining, positioned its Hong Kong IPO to capitalize on a **strong gold price rally, with gold prices having surged over 40% year-to-date**, reaching new record highs around \$3,578 to \$3,870 per ounce in the months leading to the listing. This commodity environment set an optimistic stage for the IPO.
- **One of the largest deals of the city this year:** The company priced 349 million shares at HK\$71.59 each, targeting to raise around \$3.2 billion, making it **the largest mining IPO globally in 2025 and one of the largest Hong Kong listings of the year**. The offering drew strong attention amid a revived Hong Kong IPO market driven by several mainland Chinese companies seeking international funding sources via Hong Kong.
- **Positive outlook on the company's solid fundamentals:** Investor sentiment ahead of the offering was buoyant, driven by confidence in Zijin Gold's **operational track record, growth prospects, and the gold sector's bullish outlook** amid geopolitical and economic uncertainties.

Post-Offering: Performance tied to gold prices with upward expectations

- **Stock price surge in the very first days:** Upon listing on September 29-30, Zijin Gold shares **surged up to around 66-68% on the first trading day**, reflecting overwhelming demand and investor enthusiasm. The stock reached highs of nearly HK\$119 before settling near HK\$115, far exceeding the IPO price and giving the company a market valuation over HK\$316 billion (~\$40.6 billion).
- **Complementing Hong Kong's catch-up in listing pace:** The IPO's success contributed to renewed vibrancy in Hong Kong's capital markets in 2025, highlighted by **robust IPO activity and investor appetite for well-positioned resource sector companies**. Market strategists commented on the strong post-IPO momentum as aligned with the ongoing gold price rally and positive sector trends.
- **Resilience through gold price fluctuations:** Following a record gold rally that peaked at October 20, a subsequent price slump tested the sector. However, Zijin Gold's stock price demonstrated notable resilience, **partly rebounding from its late-October lows**. This ability to weather volatility and maintain investor confidence underscores that interest in the company is not solely tied to the spot price of gold, but is equally driven by its robust operational fundamentals, strategic focus, and the sustained long-term bullish sentiment towards gold from earlier in the period.



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Upside Catalysts

Company fundamentals:

- **Major high-grade discovery at Julong:** The giant Julong Copper Mine in Tibet, which is expected to become the world's largest copper mine by processing scale, is being operated by Zijin. The company has already been acquiring 58.16% stakes in Julong Copper, with **Phase 2 expansion is scheduled for completion by the end of 2025**. As one of the world's largest nascent copper projects, any material increase in its already-vast resource base would trigger a fundamental re-rating of Zijin's net asset value.
- **A credible ESG resolution and rebranding:** **A definitive, verifiable resolution to a long-standing environmental or social license issue**—such as the independent certification of a new, industry-leading tailings management system across its global operations—would be a monumental catalyst.

Macro Catalyst:

- **Sensitivity towards macroeconomic changes:** A surprise announcement of a **larger-than-expected rate cut** or a clear signal of **a prolonged and aggressive easing cycle** would be the single most powerful macro catalyst. This would trigger a simultaneous plunge in the U.S. Dollar and a sharp drop in opportunity cost for holding non-yielding gold, sending the bullion price soaring. As a high-beta play on gold, Zijin's stock would experience an outsized upward move, driven by soaring profit margins and a surge of capital into the entire gold mining sector.

Potential Downside & Risks

Gold price volatility:

- **Sensitivity towards gold price:** Zijin Gold's revenues and margins are **highly sensitive to movements in the gold price**, which is influenced by macro factors such as interest rates, inflation expectations, U.S. dollar strength, central bank purchases, and geopolitical risk. A **sustained decline in gold prices** would **compress cash flows**, impair reserve economics, and potentially force deferrals of capex or high-cost production, while heightened price volatility can complicate hedging, budgeting, and covenant compliance.

Overseas operational risk:

- **Uncertainties in different regions:** The company also faces international operational risks stemming from its **diversified asset base across multiple jurisdictions**. These include exposure to shifting mining codes, tax regimes, environmental permitting standards, community relations, and labor frameworks, as well as sanctions or export restrictions in certain regions. **Political instability, infrastructure constraints, security incidents, and ESG compliance gaps** can disrupt production, raise unit costs, or delay project timelines.

Conclusion

Investment thesis: Zijin Gold International's HKEX listing achieved strong market validation, raising HK\$25 billion at a premium to peer trading multiples and demonstrating immediate aftermarket support. **As a pure-play**, internationally focused spin-off from Zijin Mining, the company benefits from clearer strategic identity, improved capital allocation autonomy, and reduced conglomerate discount. With **27.5 million ounces of gold reserves, interests in 8 mines**, and a defined use of proceeds—funding the Raygorodok acquisition, accelerating upgrades across existing operations, and advancing exploration—the platform is positioned for sustained production growth, margin resilience, and enhanced free cash flow conversion. The presence of tier-one cornerstone investors and blue-chip underwriters further **underpins credibility and liquidity**, supporting inclusion in global resource mandates.

Key watchpoints: The equity story remains levered to **exogenous and operational factors** that could pressure valuation. A material or prolonged decline in gold prices—driven by interest-rate path surprises, U.S. dollar strength, or diminished central-bank buying—would **compress cash flows and could defer capex or high-cost output**. In parallel, the company's **multi-jurisdiction footprint introduces policy, permitting, community, and logistics risks** that may affect grade control, timelines, and unit costs. Execution discipline on the Raygorodok integration and planned mine upgrades, maintaining competitive AISC, and demonstrable progress on ESG (including tailings management and social license) are essential to preserve the current premium; underperformance on these vectors would likely **drive multiple mean reversion** toward peer medians and elevate financing costs.