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Zijin Gold International | Asia Pacific

China BEST Conference Key Takeaways

MORGAN STANLEY ASIA LIMITED+

Rachel L Zhang
Equity Analyst
Rachel.Zhang@morganstanley.com +852 2239-1520

Hannah Yang, CFA
Equity Analyst
Hannah.Yang1@morganstanley.com +852 2239-7079

Chris Jiang
Equity Analyst
Chris.Jiang@morganstanley.com +852 3963-1593

Cynthia Tang
Research Associate
Cynthia.Tang@morganstanley.com +852 3963-4360

Lucas Liu
Research Associate
Lucas.Liu@morganstanley.com +852 3963-1135

Key Takeaways

- Management reiterates gold output plan of ~59t for 2026 and ~70t capacity by 2028, via organic growth.
- ZGI has plenty of pipeline M&A projects ongoing.
- It is working on a dividend policy, with the payout ratio to be linked to profitability.
- The balance sheet should comfortably fund its organic growth plan without constraining dividends.
- Costs remain manageable.

ZGI is targeting sizable gold assets – with c. 100t of reserves and the potential to reach c. 10t of annual production. Its priority acquisition regions are Central Asia, South America and Africa. Gold-price assumption applied in assessing new acquisitions is US$3–3.5k/oz.

Expansion capex is estimated at US$3.1–3.2bn in 2026-28 versus c. US$3.8bn of cash on hand: Annual sustaining capex is expected at US$300–500mn.

Insight on costs: 1H AISC +7% YoY, driven by royalties; excluding royalties, costs fell ~3%. ~40% of ZGI's mining trucks use renewable energy and plans to gradually increase the ratio further to 100%. Renewable energy mining trucks can save half to two-thirds of costs vs. diesel trucks based on current oil prices.

Zijin Gold International (2259.HK, 2259 HK)

Greater China Materials | China

Stock Rating	**Overweight**
Industry View	**Attractive**
Price target	HK$189.00
Up/downside to price target (%)	22
Shr price, close (Sep 17, 2026)	HK$155.00
52-Week Range	HK$268.00-84.20
Sh out, dil, curr (mn)	2,676
Mkt cap, curr (mn)	US$52,894
EV, curr (mn)	US$48,509
Avg daily trading value (mn)	HK$1,176

Fiscal Year Ending	12/25	12/26e	12/27e	12/28e
EPS (US$)**	0.82	1.18	1.30	1.33
Revenue, net (US$ mn)	5,383	8,427	8,995	9,939
EBITDA (US$ mn)	3,304	5,678	6,325	6,535
ModelWare net inc (US $ mn)	1,602	3,163	3,485	3,569
P/E	22.9	16.7	15.2	14.8
P/BV	6.0	4.7	3.7	3.0
RNOA (%)	69.6	87.0	83.7	84.9
ROE (%)	68.9	37.8	31.2	24.9
EV/EBITDA	13.9	8.2	6.8	6.2
Div yld (%)	0.3	0.7	0.6	0.7
FCF yld ratio (%)**	4.9	5.8	7.6	7.2
Leverage (EOP) (%)	(74.1)	(79.8)	(87.5)	(91.6)

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework
** = Based on consensus methodology
e = Morgan Stanley Research estimates

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Valuation Methodology and Risks

Zijin Gold International (2259.HK)

Base-case DCF model using a WACC of 8.0%. We apply a cost of equity of 12.1%, as calculated from a beta of 1.4, a risk-free rate of 3.7%, and an equity risk premium of 6.0%. We assume the company's revenues grow at 3% annually beyond our explicit forecast period.

Risks to Upside

- Stronger gold prices driven by robust demand from central banks amid geopolitical risks and de-dollarization
- Volumes upside from project ramp-ups and untapped resources

Risks to Downside

- Weaker gold prices against the backdrop of strong dollar
- Miss on project executions
- Geopolitical risks that lead to production disruptions

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(as of August 31, 2026)

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	Coverage Universe		Investment Banking Clients (IBC)			Other Material Investment Services Clients (MISC)	
Stock Rating Category	Count	% of Total	Count	% of Total IBC	% of Rating Category	Count	% of Total Other MISC
Overweight/Buy	1555	42%	450	48%	29%	767	44%
Equal-weight/Hold	1577	43%	395	42%	25%	770	44%
Not-Rated/Hold	3	0%	1	0%	33%	1	0%
Underweight/Sell	559	15%	93	10%	17%	216	12%
Total	3,694		939			1754	

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months. Due to rounding off of decimals, the percentages provided in the "% of total" column may not add up to exactly 100 percent.

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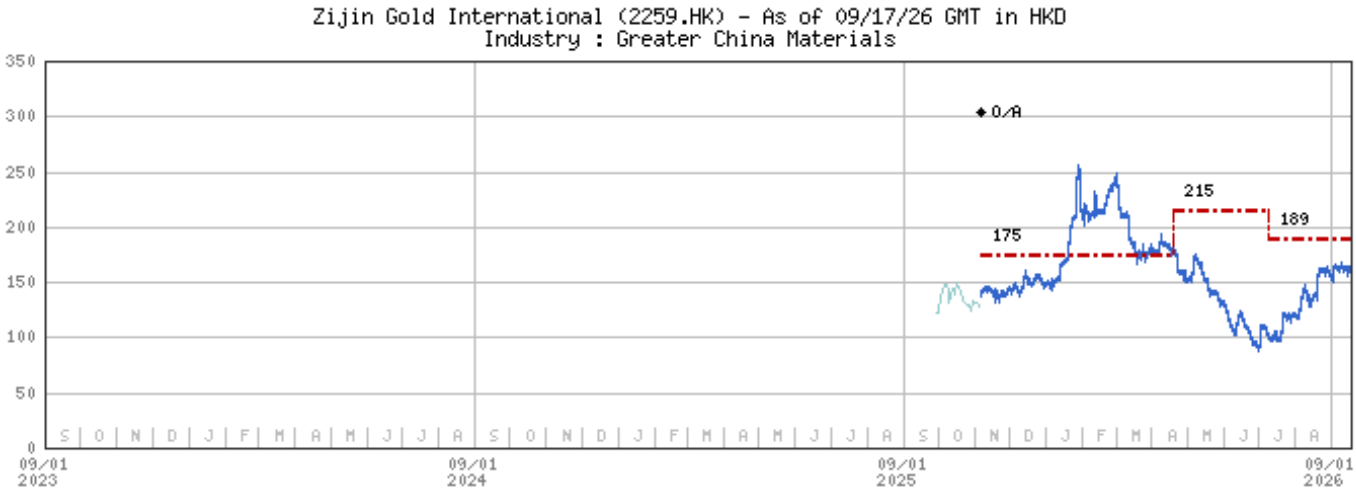
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Stock Rating History: 11/6/25 : O/A

Price Target History: 11/6/25 : 175; 4/20/26 : 215; 7/9/26 : 189

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target No Price Target Assigned (NA)
Stock Price (Not Covered by Current Analyst) Stock Price (Covered by Current Analyst)
Stock and Industry Ratings (abbreviations below) appear as ◆ Stock Rating/Industry View
Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
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INDUSTRY COVERAGE: Greater China Materials

COMPANY (TICKER)	RATING (AS OF)	PRICE* (09/17/2026)
Chris Jiang		
Anhui Honglu Steel Construction (002541.SZ)	U (12/16/2025)	Rmb18.39
CGN Mining Co Ltd (1164.HK)	O (01/18/2023)	HK$2.10
Chengxin Lithium Group Co. Ltd. (002240.SZ)	E (12/16/2025)	Rmb27.15
GEM Co Ltd (002340.SZ)	U (04/20/2026)	Rmb6.17
Shenzhen Kedali Industry Co Ltd (002850.SZ)	O (08/21/2023)	Rmb168.36
Sinomine Resource Group Co Ltd (002738.SZ)	O (12/16/2025)	Rmb44.29
Yongxing Special Materials Technology (002756.SZ)	E (11/25/2022)	Rmb40.85
Zhejiang Huayou Cobalt Co Ltd (603799.SS)	O (10/08/2025)	Rmb35.18
Hannah Yang, CFA		
China Hongqiao Group (1378.HK)	O (09/15/2023)	HK$21.84
Chuangxin Industries Holdings Ltd. (2788.HK)	O (03/19/2026)	HK$16.43
Flat Glass Group Co Ltd (6865.HK)	O (07/30/2020)	HK$5.75
Flat Glass Group Co Ltd (601865.SS)	O (07/30/2020)	Rmb9.13
MMG Ltd (1208.HK)	O (12/16/2024)	HK$8.57
Shandong Pharmaceutical Glass Co. Ltd. (600529.SS)	U (04/20/2026)	Rmb18.31
Shenhuo Coal and Power (000933.SZ)	O (09/02/2025)	Rmb26.45
Tianshan Aluminum (002532.SZ)	E (07/08/2026)	Rmb12.73
Xinyi Glass Holding Limited (0868.HK)	U (05/14/2024)	HK$8.44
Zhongfu Shenying Carbon Fiber Co Ltd (688295.SS)	O (08/25/2023)	Rmb37.16
Rachel L Zhang		
Aluminum Corp. of China Ltd. (601600.SS)	O (11/30/2020)	Rmb9.16
Aluminum Corp. of China Ltd. (2600.HK)	O (11/30/2020)	HK$8.01
Baoshan Iron & Steel (600019.SS)	O (01/16/2016)	Rmb5.72
Beijing New Building Materials (000786.SZ)	O (04/09/2024)	Rmb15.71
Beijing Oriental Yuhong Waterproof Techn (002271.SZ)	E (09/25/2024)	Rmb10.11
China Jushi (600176.SS)	O (12/22/2020)	Rmb47.15
China Lesso Group Holdings Ltd (2128.HK)	U (10/08/2025)	HK$3.10

China Steel Corp. (2002.TW)	U (12/16/2025)	NT$18.70
CMOC Group Ltd (3993.HK)	O (09/24/2019)	HK$15.52
CMOC Group Ltd (603993.SS)	O (06/21/2024)	Rmb17.35
CNGR Advanced Material Co., Ltd. (300919.SZ)	E (01/12/2026)	Rmb37.49
CNGR Advanced Material Co., Ltd. (2579.HK)	O (01/12/2026)	HK$21.86
FangDa Carbon New Material Co. Ltd. (600516.SS)	U (12/16/2024)	Rmb5.51
Ganfeng Lithium Co. Ltd. (002460.SZ)	O (04/20/2026)	Rmb45.91
Ganfeng Lithium Co. Ltd. (1772.HK)	O (12/16/2025)	HK$33.34
Grace Fabric Technology Co. Ltd. (603256.SS)	O (09/14/2026)	Rmb145.18
Henan Liliang Diamond Co. Ltd (301071.SZ)	U (04/20/2026)	Rmb71.36
Jiangsu Dingsheng New Materials (603876.SS)	U (04/20/2026)	Rmb18.74
Jiangxi Copper (0358.HK)	O (10/08/2025)	HK$33.36
Jiangxi Copper (600362.SS)	O (10/08/2025)	Rmb43.26
JL Mag Rare-Earth Co. Ltd (6680.HK)	O (04/23/2025)	HK$15.63
JL Mag Rare-Earth Co. Ltd (300748.SZ)	O (04/23/2025)	Rmb24.97
Nine Dragons Paper (2689.HK)	E (01/04/2023)	HK$6.19
PT Merdeka Gold Resources Tbk (6228.HK)	O (08/04/2026)	HK$33.58
Shandong Gold Mining Co. Ltd (600547.SS)	E (07/09/2026)	Rmb32.86
Shandong Gold Mining Co. Ltd (1787.HK)	E (07/09/2026)	HK$23.30
Shandong Nanshan Aluminium Co. (600219.SS)	E (07/08/2026)	Rmb4.66
Tianqi Lithium Industries Inc. (9696.HK)	O (12/16/2025)	HK$30.70
Tianqi Lithium Industries Inc. (002466.SZ)	O (04/20/2026)	Rmb42.74
Weixing New Building Materials (002372.SZ)	U (10/08/2025)	Rmb8.04
Zhaojin Mining Industry (1818.HK)	E (07/09/2026)	HK$20.46
Zijin Gold International (2259.HK)	O (11/06/2025)	HK$155.00
Zijin Mining Group (2899.HK)	O (11/06/2025)	HK$33.86
Zijin Mining Group (601899.SS)	O (11/06/2025)	Rmb30.90

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* Historical prices are not split adjusted.

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