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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)**

**DISCLOSABLE TRANSACTION**  
**ESTABLISHMENT OF A NON WHOLLY-OWNED SUBSIDIARY**

The Board wishes to announce that the Company has entered into a joint venture agreement dated 10 November 2004 (the "Joint Venture Agreement") with two independent third parties for the establishment of an equity joint venture (the "Proposed Transaction") in the PRC, namely, Bayannaer Zijin Non-ferrous Metal Co., Ltd. (巴彥淖爾紫金有色金屬有限公司) ("Zijin Non-ferrous Metal"). Zijin Non-ferrous Metal will be engaged in the construction of a refinery of zinc metals with a capacity of 100,000 tonnes per annum and the exploration of mineral resources in the Bayannaer district, Inner Mongolia. The registered capital of Zijin Non-ferrous Metal is RMB250,000,000 (equivalent to approximately HK\$235,625,000). Pursuant to the Joint Venture Agreement, the Company will contribute RMB150,000,000 (equivalent to approximately HK\$141,375,000) in cash as registered capital, representing 60% equity interest in Zijin Non-ferrous Metal. According to the relevant laws and regulations in the PRC, the initial payment of RMB25,000,000 (equivalent to approximately HK\$23,562,500) in the registered capital of Zijin Non-ferrous Metal shall be paid by its respective shareholders on a proportionate basis within 30 days immediately after the execution of the Joint Venture Agreement for the establishment of the company, which is expected to be on or before 10 December 2004. The remainder of the registered capital shall be fulfilled in full within one year from the date following the obtaining of business registration license of the company.

As a result of the Proposed Transaction, the Company may have an opportunity to expand in the exploration and development of non-ferrous metal resources in the northwestern parts of the PRC. Therefore, the Directors consider that the Proposed Transaction and the terms of the Joint Venture Agreement are in the fair and reasonable interest of the Company and its shareholders as a whole.

The Proposed Transaction is conditional upon full payment of the registered capital in Zijin Non-ferrous Metal by its other shareholders and the relevant procedures for the establishment of Zijin Non-ferrous Metal is completed, which is expected to be on or before 10 December 2004.

The Proposed Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, amongst things, further details relating to the Proposed Transaction will be despatched to the shareholders of the Company as soon as practicable.

## **JOINT VENTURE AGREEMENT**

Date: 10 November 2004

### **Parties:**

- (i) Zijin Mining Group Co., Ltd., the Company;
- (ii) Gansu Jiangxin Industrial Company Limited (“Gansu Jiangxin”); and
- (iii) Gansu Yate Investment Company Limited (“Gansu Yate”).

As confirmed by the Directors, Gansu Jiangxin and Gansu Yate and their ultimate beneficial owners are not connected persons (as defined by the Listing Rules) of the Company.

## **DETAILS OF THE PROPOSED TRANSACTION**

### **General**

The Company has entered into a joint venture agreement dated 10 November 2004 (the “Joint Venture Agreement”) with two independent parties, namely Gansu Jiangxin and Gansu Yate, for the establishment of an equity joint venture (the “Proposed Transaction”) in the PRC, namely, Bayannaer Zijin Non-ferrous Metal Co., Ltd. (巴彥淖爾紫金有色金屬有限公司) (“Zijin Non-ferrous Metal”), in which the Company owns 60% of its equity interest. Zijin Non-ferrous Metal will be engaged in the construction of a refinery of zinc metals with a capacity of 100,000 tpa and the exploration of mineral resources in the Bayannaer district, Inner Mongolia. The registered capital of Zijin Non-ferrous Metal is RMB250,000,000 (equivalent to approximately HK\$235,625,000). The profit sharing of the company will be based on the respective proportionate shareholding in the company.

### **Consideration**

Pursuant to the Joint Venture Agreement, the Company will contribute RMB150,000,000 (equivalent to approximately HK\$141,375,000) in cash as registered capital, representing 60% equity interest in Zijin Non-ferrous Metal; whereas, Gansu Jiangxin Industrial and Gansu Yate will contribute in cash RMB75,000,000 (equivalent to approximately

HK\$70,687,500) and RMB25,000,000 (equivalent to approximately HK\$23,562,500) representing 30% and 10% of its equity interest respectively. Other than the cash contribution, no other capital commitment nor contractual commitment upon the execution of to the Joint Venture Agreement.

According to the relevant laws and regulations in the PRC, the initial payment of RMB25,000,000 (equivalent to approximately HK\$23,562,500) in the registered capital of Zijin Non-ferrous Metal shall be paid by its respective shareholders on a proportionate basis within 30 days immediately after the execution of the Joint Venture Agreement for the establishment of the company, which is expected to be on or before 10 December 2004. The remainder of the registered capital shall be fulfilled in full within one year from the date of following the obtaining of business registration license of the company.

### **Board of directors**

The board of Zijin Non-ferrous Metal comprises five directors, of which the Company shall nominate three persons and each of the other two parties shall nominate one person. The Company has the discretion to nominate the chairman of Zijin Non-ferrous Metal to the board.

### **Strategic relationship**

Gansu Jiangxin and Gansu Yate are the two companies engaged in the exploration and mining of zinc metal resources in Inner Mongolia. Gansu Jiangxin and Gansu Yate will involve in the operation of the company. Pursuant to the Joint Venture Agreement, the Company or Zijin Non-ferrous Metal shall have a first right of refusal in obtaining all Zinc metal resources owned by Gansu Jiangxin and Gansu Yate for maximizing the utilization of the designated refining facilities of Zijin Non-ferrous Metal, and at the same time participates in the exploration projects in Bayannaer district.

### **REASONS FOR THE PROPOSED TRANSACTION**

The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC. As a result of the Proposed Transaction, the Company may have an opportunity to expand in the exploration and development of non-ferrous metal resources in the northwestern parts of the PRC. Therefore, the Directors consider that the Proposed Transaction and the terms of the Joint Venture Agreement are in the fair and reasonable interest of the Company and its shareholders as a whole.

### **GENERAL**

The Proposed Transaction is conditional upon full payment of the registered capital in Zijin Non-ferrous Metal by its other shareholders and the relevant procedures for the establishment of Zijin Non-ferrous Metal is completed, which is expected to be on or before 10 December 2004.

The Proposed Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. A circular containing, amongst things, further details relating to the Proposed Transaction will be despatched to the shareholders of the Company as soon as practicable.

## **LIST OF DIRECTORS OF THE COMPANY**

As at the date of this announcement, the Directors of the Company are as follows:

*Executive Directors*

Chen Jinghe (*the Chairman*)

Liu Xiaochu

Luo Yingnan

Lan Fusheng

Rao Yimin

*Non-executive Director*

Ke Xiping

*Independent non-executive Directors*

Yang Dali, Yao Lizhong

Loong Ping Kwan

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

Fujian, the PRC, 11 November 2004

\* *For identification purpose only*

Please also refer to the published version of this announcement in The Standard.