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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in Zijin Mining Group Co., Ltd.\*, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)**

**DISCLOSEABLE TRANSACTION  
INVESTMENT IN A ZINC REFINERY AT BAYANNAOER, INNER  
MONGOLIA**

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\* For identification purpose only

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# CONTENTS

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	<i>Pages</i>
<b>Definitions</b> .....	1
<b>Letter from the Board of Directors</b>	
1. Introduction. ....	3
2. Agreement .....	4
3. Details of the Proposed Transaction .....	4
4. Reasons for the Proposed Transaction .....	5
5. General .....	5
<b>Appendix — General Information</b> .....	6

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## DEFINITIONS

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*In this circular, unless otherwise indicated in the context, the following expressions have the meaning set out below:*

“Agreement”	the agreement dated on 20 April 2005 entered into by the relevant parties for the investment to build a zinc refinery
“Board”	the board of Directors
“Bayannaer Zijin”	Bayannaer Zijin Non-ferrous Metal Co., Ltd., a limited company incorporated in the PRC, the company invests, builds, and operates a zinc refinery in Bayannaer, Inner Mongolia
“Company”	Zijin Mining Group Co., Ltd.*, a joint stock limited company incorporated in the PRC with limited liability and its H Shares listed in the Stock Exchange of Hong Kong Limited, the Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC
“Director(s)”	the director(s) of the Company
“Gansu Jiangxin”	Gansu Jiangxin Industrial Company Limited, a limited liability company incorporated in the PRC, the company engages in the exploration and mining of zinc metal in Inner Mongolia, the PRC
“Gansu Yate”	Gansu Yate Investment Company Limited, a limited liability company incorporated in the PRC, the company engages in the exploration and mining of zinc metal in Inner Mongolia, the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Latest Practicable Date”	12 May 2005, being the latest practicable date before the printing of this circular for ascertaining certain information contained in this circular
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“PRC”	The People’s Republic of China, but for the purpose of this circular, excludes Hong Kong, Macau SAR and Taiwan

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## DEFINITIONS

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“Promoters”	as to any PRC issuer, any person who undertook the establishment of such issuer, or any person who performed a similar role under PRC Law in the establishment of a PRC issuer
“Proposed Transaction”	the investment to build a zinc refinery by the parties
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Shareholder(s)”	the shareholder(s) of the Company
“Tonne(s)”	A metric measurement of weight, 1 Tonne equals to 1,000 kilograms
“%”	per cent

*Note: For the purpose of the announcement dated 21 April 2005 and this circular, unless otherwise specified, amounts denominated in Renminbi have been translated for the purpose of illustration only into Hong Kong dollars at the exchange rate of HK\$1.00 = RMB1.06.*



**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)**

*Executive Directors:*

Chen Jinghe *(the Chairman)*

Liu Xiaochu

Luo Yingnan

Lan Fusheng

Rao Yimin

*Registered Office and*

*Principal Place of Business:*

No.1 Zijin Road

Shanghang County

Fujian Province

the PRC

*Non-executive Director:*

Ke Xiping

*Place of business in Hong Kong:*

Suite 1608, West Tower,

Shun Tak Centre

168-200 Connaught Road

Central

Hong Kong

*Independent non-executive Directors:*

Yang Dali

Yao Lizhong

Loong Ping Kwan

*To the Shareholders*

Dear Sir/Madam,

**DISCLOSEABLE TRANSACTION**

**INVESTMENT IN A ZINC REFINERY AT BAYANNAOER, INNER MONGOLIA**

**1. INTRODUCTION**

On 21 April 2005, it was announced by the Company that the Company decided to build a zinc refinery at Bayannaoer, Inner Mongolia. A subsidiary of the Company — Bayannaoer Zijin will invest RMB700 million to RMB800 million to build the refinery.

The establishment of the Agreement constitutes a discloseable transaction of the Company under the Listing Rules.

The purpose of this circular is to provide Shareholders with further information relating to the discloseable transaction.

*\* For identification purpose only*

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# LETTER FROM THE BOARD OF DIRECTORS

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## 2. AGREEMENT

### 2.1 Date:

20 April 2005

### 2.2 Parties:

- (i) The Company, currently holds 60% shareholding of Bayannaer Zijin;
- (ii) Gansu Jiangxin, engages in the exploration and mining of zinc metal in Inner Mongolia, and currently holds 30% shareholding of Bayannaer Zijin;
- (iii) Gansu Yate, engages in the exploration and mining of zinc metal in Inner Mongolia, and currently holds 10% shareholding of Bayannaer Zijin; and
- (iv) Bayannaer Zijin, a subsidiary of the Company, is currently engaging in the construction and operation of a zinc refinery and the exploration and mining mineral resources in Inner Mongolia.

To the best of the Director's knowledge, information and belief having made all reasonable enquiries, Gansu Jiangxin, Gansu Yate, and Bayannaer Zijin and their ultimate beneficial owners are not connected persons (as defined in the Listing Rules) of the Company.

## 3. DETAILS OF THE PROPOSED TRANSACTION

### 3.1 General

The Board announced that on 20 April 2005, the Company decided to build a zinc refinery at Bayannaer, Inner Mongolia. A subsidiary of the Company — Bayannaer Zijin will invest and build the refinery. According to the construction plan, the total estimated construction costs will be RMB700 million to RMB800 million. Except for Bayannaer Zijin's registered capital RMB250 million, Bayannaer Zijin will make financial arrangement with bank(s) for the balance of the investment. The shareholders of Bayannaer Zijin agreed to take up the financial burden of this project on shareholding proportionate.

The refinery is at initial building stage and it will take 2 years to complete the development. After the completion of the development, the refinery can produce 100,000 tonnes zinc per year.

### 3.2 Consideration

According to the construction plan, the total estimated construction cost will be RMB700 million to RMB800 million. Except for Bayannaer Zijin's registered capital RMB250 million, the company will make financial arrangement with bank(s) for the balance of the investment. The shareholders of Bayannaer Zijin agreed to take up the financial burden of this project on shareholding proportionate. The Company holds 60% shareholding of Bayannaer Zijin and will take up RMB330 million

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## LETTER FROM THE BOARD OF DIRECTORS

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(HK\$311,320,754 equivalent) as maximum financial burden by means of guarantee, Gansu Jiangxin holds 30% shareholding of Bayannaer Zijin and will take up RMB165 million (HK\$155,660,377 equivalent) as maximum financial burden by means of guarantee, and Gansu Yate holds 10% shareholding of Bayannaer Zijin and will take RMB55 million (HK\$51,886,792 equivalent) as maximum financial burden by means of guarantee. Except for the RMB550,000,000 (HK\$518,867,923 equivalent) financial burden, all parties do not have further financial commitments in this project. As at the date of this circular, there is no net profit attributable to Bayannaer Zijin since its establishment.

#### 4. 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 refinery and development of mineral resources in the northwestern parts of the PRC. Therefore, the Directors consider that the Proposed Transaction and the terms of the Agreement are in the fair and reasonable interest of the Company and its shareholders as a whole.

#### 5. GENERAL

The Proposed Transaction shall not have material change on the assets, liabilities and earnings of the Company.

The Proposed Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules. No controlling Shareholders, Promoters nor the Directors or any of their respective associates have a material interest in the Proposed Transaction.

Your attention shall also be drawn to the additional information as set out in the Appendix to this circular.

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

\* For identification purpose only

## 1. RESPONSIBILITY STATEMENT

This circular contains particulars given in compliance with the Listing Rules for the purpose of giving information on the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best knowledge and belief there are no facts the omission of which would made any statement herein misleading.

## 2. DISCLOSURE OF INTERESTS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY

As at the Latest Practicable Date, the interests of the Directors, Supervisors or the chief executive of the Company in the shares or equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Hong Kong Stock Exchange are as follows:

### (1) Shareholding in the Company:

Director	Number of Domestic Shares /amount of Equity interest held	Nature of Interest	Long/short positions	Proximate percentage of shareholding in such class of securities	Proximate percentage of shareholding in the registered capital
Ke Xiping	228,000,000 (Note 1)	Company	Long	12.48%	8.67%
Chen Jinghe	10,000,000 (Note 2)	Personal	Long	0.54%	0.38%



## (2) Shareholding in the Company's subsidiaries:

<b>Directors/ Supervisors/ Chief Executive</b>	<b>Name of subsidiaries</b>	<b>Amount of equity interests held</b>	<b>Nature of interests</b>	<b>Long/ short positions</b>	<b>Proximate percentage of shareholding in the registered capital</b>
Chen Jinghe	Jiuzhaigou Zijin (Note 3)	50,000 (Note 4)	Personal	Long	0.13%
Liu Xiaochu	Jiuzhaigou Zijin	50,000 (Note 4)	Personal	Long	0.13%
Luo Yingnan	Jiuzhaigou Zijin	50,000 (Note 4)	Personal	Long	0.13%
Lan Fusheng	Jiuzhaigou Zijin	50,000 (Note 4)	Personal	Long	0.13%
Rao Yimin	Jiuzhaigou Zijin	50,000 (Note 4)	Personal	Long	0.13%
Zeng Qingxiang	Jiuzhaigou Zijin	50,000 (Note 4)	Personal	Long	0.13%
Lan Liying	Jiuzhaigou Zijin	25,000 (Note 5)	Personal	Long	0.06%

*Notes:*

- (1) Xiamen Hengxing Industrial Co., Ltd. holds 95,000,000 Domestic Shares in the Company, and holds 49% shareholding in Fujian Xinhua Engineering Company Limited (which is holding 133,000,000 Domestic Shares in the Company). Under Section 316 of the SFO, Xiamen Hengxing Industrial Co., Ltd. is therefore interested in 228,000,000 Domestic Shares in the Company. Mr. Ke Xiping owns 73.21% interest in Xiamen Hengxing Industrial Co., Ltd.. Under Section 316 of the SFO, Mr. Ke Xiping is regarded as being interested in such shares.
- (2) On 12 July 2004, Fujian Xinhua Department Store Company Limited and Shanghang County Jinshan Trading Company Limited, the shareholders of Company, agreed to transfer 4,000,000 Domestic Shares and 6,000,000 Domestic Shares they held, to Mr. Chen Jinghe (a Director) respectively. Mr. Chen Jinghe personally holds the above 10,000,000 Domestic Shares.
- (3) Sichuan Jiuzhaigou Zijin Mining Company Limited ("Jiuzhaigou Zijin") is subsidiary in which the Company beneficially owns 60%.
- (4) The Committee of Labour Union of the Company owns 15% of the total registered capital of Jiuzhaigou Zijin on behalf of approximately 830 members. Among which, it holds an equity interest of RMB50,000 as an agent for and on behalf of each of Mr. Chen Jinghe, Mr. Liu Xiaochu, Mr. Luo Yingnan, Mr. Lan Fusheng, Mr. Rao Yimin and Mr. Zeng Qingxiang.

- (5) The Committee of Labour Union of the Company owns 15% of the total registered capital of Jiuzhaigou Zijin on behalf of approximately 830 members. Among which, it holds an equity interest of RMB25,000 as an agent for and on behalf of Ms. Lan Liying.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors, Supervisors or the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company (within the meaning of the SFO) which (a) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director is taken or deemed to have under such provisions of the SFO; or (b) were required, pursuant to section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Hong Kong Stock Exchange.

### 3. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the Directors and chief executive of the Company, the persons, other than a Director or chief executive of the Company, who had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholder	Class of shares	Number of shares/equity interest held	Proximate percentage of shareholding in the registered capital	Proximate percentage of shareholding Domestic shares	Proximate percentage of shareholding in H shares	Long/short positions
Minxi Xinghang State-owned Assets Investment Co., Ltd	Domestic Shares	842,180,424	32.04%	46.09%	—	Long
Xinhuadu Industrial Company Limited	Domestic Shares	507,537,000 (Note 1)	19.31%	27.78%	—	Long
Chen Fashu	Domestic Shares	507,537,000 (Note 2)	19.31%	27.78%	—	Long
Shanghang County Jinshan Trading Co., Ltd	Domestic Shares	336,190,000	12.79%	18.40%	—	Long
Xiamen Hengxing Industrial Co., Ltd	Domestic Shares	228,000,000 (Note 3)	8.67%	12.48%	—	Long

Name of Shareholder	Class of shares	Number of shares/equity interest held	Proximate percentage of shareholding in the registered capital	Proximate percentage of shareholding of Domestic shares	Proximate percentage of shareholding in H shares	Long/short positions
Ke Xiping	Domestic Shares	228,000,000 (Note 4)	8.67%	12.48%	—	Long
Fujian Xinhua Engineering Company Limited	Domestic Shares	133,000,000	5.06%	7.28%	—	Long
HKSCC Nominees Ltd.	H Shares	793,257,800	30.18%	—	99.02%	

## Notes:

- (1) Xinhua Industrial Company Limited holds 345,800,000 Domestic Shares in the Company, and holds 51% in Fujian Xinhua Engineering Company Limited (which holds 133,000,000 Domestic Shares in the Company), and holds 64.54% in Fujian Xinhua Department Store Company Limited (which holds 28,737,000 Domestic Shares in the Company). Therefore, under Section 316 of the SFO, Xinhua Industrial Company Limited is interested in 507,537,000 Domestic Shares in the Company.
- (2) Mr. Chen Fashu holds 73.56% interests in the issued share capital of Xinhua Industrial Company Limited, therefore, under Section 316 of the SFO, Mr. Chen Fashu is deemed to be interested in 507,537,000 Domestic Shares in the Company.
- (3) Xiamen Hengxing Industrial Company Limited holds 95,000,000 Domestic Shares in the Company, and holds 49% in Fujian Xinhua Engineering Company Limited (which holds 133,000,000 Domestic Shares in the Company). Under Section 316 of the SFO, Xiamen Hengxing Industrial Company Limited is therefore interested in 228,000,000 Domestic Shares in the Company.
- (4) Mr. Ke Xiping holds 73.21% interests in the issued share capital of Xiamen Hengxing Industry Company Limited. Under Section 316 of the SFO, Mr. Ke Xi Ping is deemed to be interested in 228,000,000 Domestic Shares in the Company.

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any party who, as at the Latest Practicable Date, had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

**4. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has entered into, or proposed to enter into, service contract with the Company or any member of the Group which does not expire or is not terminable by the Company or any member of the Group within one year without payment of compensation other than as statutory required.

**5. LITIGATION**

As at the Latest Practicable Date, neither the Company or any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against any member of the Group.

**6. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors and their respective associates has any competing interest with the Company.

**7. MISCELLANEOUS**

- (1) The company secretary and qualified accountant of the Company is Mr. Fan Cheung Man. Mr. Fan is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of ACCA — the UK.
- (2) The Company's Hong Kong share registrar and transfer office is Computershare Hong Kong Investor Services Limited, 46th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (3) Should there be discrepancy, the English text of this circular shall prevail over its Chinese text.