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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)

DELAY DISCLOSURE OF THREE CONNECTED TRANSACTIONS

The Directors noted that three connected transactions needed to be disclosed for the financial year ended 31 December 2004. The delay in disclosure of the connected transactions has constituted breaches of the Listing Rules. The Stock Exchange reserves the rights to take appropriate actions against the Company and/or the Directors in respect of the breaches of the Listing Rules.

1. Connected Transaction: Sale of Trucks

1.1 *Truck sale contract was dated on 11 July 2004.*

Parties:

- (1) Xinjiang Jinbao is seller, the Company owns 60% shareholding of Xinjiang Jinbao. Xinjiang Jinbao mainly carries out mining business in Mongku Iron Mine; and
- (2) Jinbao Transportation Company is buyer, Mr. Gu Xinguang is a director of Jinbao Transportation Company and he owns 70% shareholding of Jinbao Transportation Company. Mr. Gu Xinguang also owns 17.904% shareholdings of Xinjiang Jinbao. Jinbao Transportation Company was a qualified transportation company in Xinjiang and one of the transportation service providers of Xinjiang Jinbao.

1.2 *Transaction*

According to the agreement, Xinjiang Jinbao sold 20 trucks to Jinbao Transportation Company, which included 10 Shanxi trucks and 10 Shandong trucks.

1.3 *Consideration and Terms*

The total consideration is RMB5,000,000 (HK\$4,716,981 equivalent), and Jinbao Transportation Company paid RMB500,000 (HK\$471,698 equivalent) cash in July 2004 and the balance will be settled by monthly payment of RMB300,000 (HK\$283,018 equivalent). The last payment will be on 31 October 2005.

1.4 *Reasons of the Transaction*

These 20 trucks were a part of assets of Xinjiang Jinbao when the Group acquired Xinjiang Jinbao. Xinjiang Jinbao is a mining company and mainly carries out mining of iron mineral in Mongku Iron Mine. With the disposal of the trucks, Xinjiang Jinbao could pay full attention in the mining business in Mongku Iron Mine. The sale of the trucks to Jinbao Transportation Company could enhance the business relationship between Xinjiang Jinbao and Jinbao Transportation Company. The Directors including independent non-executive directors of the Company consider that this agreement is fair and reasonable and in the ordinary and usual course of business and on normal commercial terms and is in the interests of the Company and the Shareholders as a whole.

10 Shanxi trucks were purchased in March 2003 and its original cost was RMB3,259,312 (HK\$3,074,822 equivalent). It has been used for 15 months before the disposal. Its net book value was RMB2,506,536 (HK\$2,364,656 equivalent) on 11 July 2004. 10 Shandong trucks were purchased in April 2003 and its original cost was RMB3,250,690 (HK\$3,066,688 equivalent). It has been used for 14 months before the disposal. Its net book value was RMB2,499,898 (HK\$2,358,394 equivalent) on 11 July 2004. Xinjiang Jinbao made a loss on disposal of RMB6,434 (HK\$6,069 equivalent) in this transaction. The net book value of the trucks on 11 July 2004 and the loss on disposal of the trucks were provided by our auditors.

1.5 *Connected Transaction*

Mr. Gu Xinguang is a director of Jinbao Transportation Company and owns 70% shareholding of Jinbao Transportation Company, so Jinbao Transportation Company is a connected person to Mr. Gu Xinguang (see definitions in the Listing Rules). Mr. Gu Xinguang is a director of Xinjiang Jinbao, and owns 17.904% shareholding of Xinjiang Jinbao. Based on the Listing Rules, the sale of trucks constituted a connected transaction.

2. *Connected Transaction: Provide Transportation Services*

2.1 *Transportation Transaction*

On 11 July 2004, Xinjiang Jinbao and Jinbao Transportation Company entered into a transportation services agreement. Jinbao Transportation Company agreed to provide transportation services of iron concentrate powder to Xinjiang Jinbao for the period from 1 August 2004 to 31 December 2004.

2.2 *Consideration*

Xinjiang Jinbao and Jinbao Transportation Company agreed that the service charges were based on the market price and normal commercial terms. The service charges were calculated and settled once a month based on the total transportation volume. The transportation price and calculation method in this contract was the same to other transportation service providers of Xinjiang Jinbao. Jinbao Transportation Company transported about 17,436 tonnes iron concentrate powder for Xinjiang Jinbao in 2004. Up to 31 December 2004, Xinjiang Jinbao have paid RMB3,661,448 (HK\$3,454,196 equivalent) service charges to Jinbao Transportation Company. The transportation services agreement was expired by 31 December 2004.

2.3 Reasons of the Transaction

The Directors of the Company consider that Jinbao Transportation Company is one of the transportation service providers of Xinjiang Jinbao and this transaction allowed Xinjiang Jinbao to appoint more qualified transportation companies which benefits the sale of iron concentrate powder. Xinjiang Jinbao can focus on the mining business in Mongku Iron Mine. After an arm's length negotiation between the parties, both parties signed the agreement in the ordinary and usual course of business and on normal commercial terms. The Directors including the independent non-executive directors consider that the terms of the agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

2.4 Connected Transaction

Mr. Gu Xinguang is a director of Jinbao Transportation Company and owns 70% shareholding of Jinbao Transportation, so Jinbao Transportation Company is a connected person to Mr. Gu Xinguang (see definitions in the Listing Rules). Mr. Gu Xinguang is a director of Xinjiang Jinbao, and owns 17.904% shareholding of Xinjiang Jinbao. Based on the Listing Rules, the transportation services agreement constituted a connected transaction of the Company.

3. Connected Transaction: Provide Mines Exploration Services

3.1 Mines Exploration Service

Tibet Jindi carries out gold mine exploration and mining businesses in Mayoumu District, Tibet. The Company and its subsidiaries hold 51.9% shareholding of Tibet Jindi. Tibet Jindi accepted the mines exploration services from Tibet Geological Team in Tibet region and signed a contract on 31 December, 2003. Tibet Geological Team owns 44% shareholding of Tibet Jindi. Tibet Geological Team is a specialized geological exploration team in the Tibet plateau. This transaction was ended on 31 December 2004.

3.2 Consideration

Tibet Jindi accepted Tibet Geological Team's mines exploration services in 2004, and the service fee was RMB2,500,000 (HK\$2,358,490 equivalent). The calculation of service fee is based on market price and on normal commercial terms.

3.3 Reasons of the Transaction

The Directors of the Company consider that Tibet Geological Team can effectively provide mines exploration services to Tibet Jindi in the Tibet Plateau and it is in line with the Company's benefit. After a fair negotiation between the parties, both parties signed the agreement on 31 December 2003 in the ordinary and usual course of business and on normal commercial terms. The Directors including independent non-executive directors of the Company consider that the terms of the agreement are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

3.4 *Connected Transaction*

Tibet Geological Team owns 44% shareholding of Tibet Jindi and Tibet Geological Team is a connected person in this transaction (see definitions in the Listing Rules). Based on the Listing Rule 14A.13, the provision of services constituted a connected transaction.

4. **Compliance of the Listing Rules**

The total amount of the consideration of all the three transactions mentioned above is less than 2.5% in the relevant percentage (except profit percentage) and it is a normal business arrangement. These three transactions require to be disclosed under the Listing Rule 14A.32 with exemption on the approval from independent shareholders.

5. **Breaches of Listing Rules**

All these connected transactions happened in 2004, the delay in disclosure of these connected transactions has constituted breaches Rule 14A.32 of the Listing Rules. The Stock Exchange reserves the rights to take appropriate actions against the Company and/or the Directors in respect of the breaches of the Listing Rules.

6. **Remedial Actions**

In avoidance of any similar events, the Directors and senior management of the Company will closely monitor and review the connected transactions on a monthly basis and take prompt actions to make necessary disclosure and obtain independent shareholders' approval as required under the Listing Rules. Further, we have taken necessary measures to strengthen the reporting system of the Company and its subsidiaries and facilitate the training and communications to all managerial staff in compliance with the Listing Rules.

7. **General**

The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Zijin Mining Group Co., Ltd.*, a joint stock limited company incorporated in the People’s Republic of China with limited liability
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries

“Jinbao Transportation Company”	Fuyun County Jinbao Transportation Co., Ltd. is a qualified transportation company and it incorporated in 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
“Independent shareholder”	any shareholder of the Company that is not required to abstain from voting at a 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, but for the purpose of this announcement, excludes Hong Kong, Macau SAR and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shandong trucks”	Shandong Zhongqi Steyr II3242M2940 trucks
“Shanxi trucks”	Shanxi Shangqi Steyr SX3322BM2943 trucks
“Shareholder(s)”	the shareholder(s) of the Company
“Tibet Geological Team”	Tibet Autonomous Region Bureau of Exploration & Development of Geology & Mineral Resource & Earth Heat Team, a government body in the PRC
“Tibet Jindi”	Tibet Jindi Mining Co., Ltd. is a subsidiary of the Company and it incorporated in the PRC
“Tonne(s)”	A metric measurement of weight, 1 Tonne equals to 1,000 kilograms
“Xinjiang Jinbao”	Xinjiang Jinbao Mining Company Limited, is a subsidiary of the Company and it incorporated in the PRC
“%”	per cent

Note: For the purpose of this announcement, 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.

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Liu Xiaochu, Luo Yingnan, Lan Fusheng, and Roa Yimin as executive directors, Mr. Ke Xiping as non-executive director, and Messrs. Yang Dali, Yao Lizhong, and Loong Ping Kwan as independent non-executive directors.

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

17 May 2005 Fujian, China.

** For identification purpose only*

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