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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  
ESTABLISHMENT OF A NON-WHOLLY-OWNED SUBSIDIARY**

The Board wishes to announce that the Company has entered into a joint venture agreement dated 15 June 2005 with 2 independent third parties — The Third Geology Survey Team, and Xinyang Dayuan for the establishment of an equity joint venture in the PRC, namely, Henan Jinda Mining Co., Ltd. (河南金達礦業有限公司), Henan Jinda is mainly engaged in mining and exploration molybdenum in Shangcheng, Henan. The registered capital of Henan Jinda is RMB229,880,000 (HK\$216,867,924 equivalent). Pursuant to the Joint Venture Agreement, the Company will contribute RMB129,880,000 (HK\$122,528,301 equivalent) in cash as registered capital, representing 56.5% equity interest in Henan Jinda.

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 dispatched to the shareholders of the Company as soon as possible.

**JOINT VENTURE AGREEMENT**

Date: 15 June 2005

**Parties:**

1. The Company, is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC. The Company will own 56.5% shareholding of Henan Jinda;
2. The Third Geology Survey Team, is primarily engaged in geological survey in Henan province. The Third Geology Survey Team will own 34.8% shareholding of Henan Jinda; and
3. Xinyang Dayuan, is primarily engaged in investment and development of mines in Henan. Xinyang Dayuan will own 8.7% shareholding of Henan Jinda.

This joint venture agreement can be valid for 30 years and it could be renewed by a new agreement of all parties.

As confirmed by the Directors, The Third Geology Survey Team and Xinyang Dayuan 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 15 June 2005 with 2 independent third parties — The Third Geology Survey Team, and Xinyang Dayuan for the establishment of an equity joint venture in the PRC, namely, Henan Jinda Mining Co., Ltd. (河南金達礦業有限公司), Henan Jinda will be treated and booked as a subsidiary in the Company's consolidated accounts. Henan Jinda is mainly engaged in mining and exploration molybdenum in Shangcheng, Henan. The registered capital of Henan Jinda is RMB229,880,000 (HK\$216,867,924 equivalent). It is expected to complete the formation of Henan Jinda not later than 31 July 2005. Shangcheng Molybdenum Mine covers 3.66 km square and approximately has 54,576.73 tonne molybdenum reserve. It is the Company's first investment in molybdenum mine.

Molybdenum (Mo) is a metallic element used principally as an alloying agent in steel to enhance hardenability, strength, and wear and corrosion resistance. As an alloying agent to steel, its market demand depends on the demand of steel and its market prospect is expected positive.

The molybdenum mine was, in accordance with the PRC regulations regarding the valuation, valued to be worth approximately RMB99,985,800 (HK\$94,326,226 equivalent) by an independent licenced professional valuer - Henan Diyuan Mining Right Valuation Company Limited as at 15 May, 2005.

The profit sharing of Henan Jinda will be based on the respective proportionate shareholding in the company.

### **Consideration**

Pursuant to the Joint Venture Agreement, the Company will contribute RMB129,880,000 (HK\$122,528,301 equivalent) in cash as registered capital, representing 56.5% equity interest in Henan Jinda.

The Third Geology Survey Team will contribute RMB80,000,000 (HK\$75,471,698 equivalent) by valuated assets as registered capital, representing 34.8% shareholding of Henan Jinda.

Xinyang Dayuan will contribute RMB20,000,000 (HK\$18,867,924 equivalent) by valuated assets as registered capital, representing 8.7% shareholding of Henan Jinda.

Each shareholder of Henan Jinda will pay the registered capital by cash or by injection of valuated assets on proportionate basis within 30 days after the establishment of joint venture agreement. Except for RMB229,880,000 (HK\$216,867,924 equivalent) registered capital, all parties do not have any financial commitments in this project.

### **Board of directors**

The board of Henan Jinda comprises 7 directors, of which the Company will nominate 4 persons, and The Third Geology Survey Team will nominate 2 persons, and Xinyuan Dayuan will nominate 1 person.

### **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 mineral resources in Henan Province. Therefore, the Directors consider that the proposed transaction and the terms of the agreement are in ordinary course of business and on normal commercial terms and fair and reasonable and in the interest of the Company and its shareholders as a whole.

### **GENERAL**

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 dispatched to the shareholders of the Company as soon as possible.

## 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
“Henan Jinda”	Henan Jinda Mining Co., Ltd. a company to be incorporated in the PRC with limited liability, and it will be a subsidiary of the Company
“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
“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
“Shareholder(s)”	the shareholder(s) of the Company
“The Third Geology Survey Team”	The Third Geology Survey Team of Henan Bureau of Exploration & Development of Geology & Mineral Resource, a government unit in Henan rovince, the PRC
“Tonne(s)”	A metric measurement of weight, 1 Tonne equals to 1,000 kilograms

“Xinyang Dayuan” Xinyang Dayuan Resource Co., Ltd. a limited liability company incorporated in the PRC, and it is owned by private sector.

“%” 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 June 2005 Fujian, China.

\* *For identification purpose only*

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