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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)

**CONNECTED TRANSACTION
EQUITY INTEREST ACQUISITION OF A NON-WHOLLY-OWN SUBSIDIARY**

The Board wishes to announce that the Company and its subsidiary — Xiamen Zijin have entered into an equity interest acquisition agreement on 25 June, 2005 with a connected party - Hunchun Gold & Copper to acquire total 9.125% equity interest of our subsidiary - Hunchun Zijin.

Hunchun Gold & Copper is a shareholder of Hunchun Zijin and currently owns 20% shareholding of Hunchun Zijin. So Hunchun Gold & Copper is a connected person (as defined in the Listing Rules) to Hunchun Zijin. Based on the Listing Rules, the transaction constitutes a connected transaction.

The total amount of the consideration of the transaction is less than 2.5% in the relevant percentage (as set out in the Listing Rules) except profit percentage. The transaction constitutes a connected transaction of the Company under 14A.32 of the Listing Rules with exemption on the approval from independent shareholders and is subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

ACQUISITION AGREEMENT

Date: 25 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 currently own 67% equity interest of Hunchun Zijin. The Company will additionally acquire 8.375% equity interest of Hunchun Zijin. After the completion of this contract, the Company will own 75.375% equity interest of Hunchun Zijin;
2. Xiamen Zijin, it is a non-wholly-owned subsidiary of the Company and the Company currently owns 96.3% of its shareholding, its 2.2% shareholding is owned by the Company's promoters which are connected persons (as defined in the Listing Rules) to the Company, its remaining 1.5% shareholding is owned by an independent third party and its ultimate beneficial owner is not a connected person to the Company. Xiamen

Zijin currently owns 6% equity interest of Hunchun Zijin. Xiamen Zijin will additionally acquire 0.75% equity interest of Hunchun Zijin. After the completion of this contract, Xiamen Zijin will own 6.75% equity interest of Hunchun Zijin. Xiamen Zijin mainly involves in research and development of mining technology and investment in Tibet Jindi gold mine and Guizhou Shuiyindong gold mine; and

3. Hunchun Gold & Copper currently owns 20% equity interest of Hunchun Zijin, Hunchun Gold & Copper will sell 8.375% and 0.75% equity interest of Hunchun Zijin to the Company and Xiamen Zijin respectively. Hunchun Gold & Copper is owned by Yanbian Autonomous State People's Government and Hunchun Gold & Copper mainly carries out gold mining business in Jilin, PRC.

DETAILS OF THE PROPOSED TRANSACTION

General

The Board wishes to announce that the Company and its subsidiary — Xiamen Zijin have entered into an equity interest acquisition agreement on 25 June, 2005 with a connected party - Hunchun Gold & Copper to acquire total 9.125% equity interest of our subsidiary - Hunchun Zijin.

Hunchun Zijin's 67% shareholding is owned by the Company, its 6% shareholding is owned by Xiamen Zijin which is a connected person (as defined in the Listing Rules) to the Company, its 20% shareholding is owned by Hunchun Gold and Copper which is a connected person (as defined in the Listing Rules) to the Company, its 6% shareholding is owned by Fujian Shanghang Hungyang Mining & Engineering Co., Ltd. which is not a connected person to the Company and its remaining 1% shareholding is owned by Xiamen Hangxin Mining Co., Ltd. which is a connected person (as defined in the Listing Rules) to the Company.

The company currently own 67% equity interest of Hunchun Zijin. The Company will additionally acquire 8.375% equity interest of Hunchun Zijin. After the completion of this contract, the Company will own 75.375% equity interest of Hunchun Zijin.

Xiamen Zijin currently owns 6% equity interest of Hunchun Zijin. Xiamen Zijin will additionally acquire 0.75% equity interest of Hunchun Zijin. After the completion of this contract, Xiamen Zijin will own 6.75% equity interest of Hunchun Zijin.

The 9.125% equity interest in Hunchun Zijin was, in accordance with the PRC regulations regarding the valuation, valued to be worth approximately RMB13,669,250 (HK\$12,895,518 equivalent) by an independent professional valuer licenced under PRC law — Yanbian Jingwei Assets Evaluation Co., Ltd. as at 16 December, 2004.

Yanbian Autonomous State People's Government approved the acquisition on 10/6/2005. Hunchun Gold and Copper's acquisition cost of 9.125% equity interest in Hunchun Zijin was RMB4,562,500 (HK\$4,304,245). The completion of this transaction is expected not later than 31 August 2005. The profit sharing of Hunchun Zijin will be based on the respective proportionate equity interest in the company.

Up to 31/12/04, Hunchun Zijin's total value of assets is RMB152,683,307 (HK\$144,040,855 equivalent), its total net asset value is RMB70,388,031 (HK\$66,403,803 equivalent), its net profit before tax and extraordinary items is RMB28,499,808 (HK\$26,886,611 equivalent) and its net profit after tax and extraordinary items is RMB17,090,238 (HK\$ 16,122,866 equivalent). For the year ended 31/12/2003, its net profit before tax and extraordinary items is RMB2,452,543 (HK\$2,313,719 equivalent) and its net profit after tax and extraordinary items is RMB1,544,665 (HK\$ 1,457,231 equivalent).

Consideration

Pursuant to the acquisition agreement, the Company agreed to acquire 8.375% equity interest of Hunchun Zijin from Hunchun Gold & Copper with cash consideration of RMB12,562,500 (HK\$11,851,415 equivalent), Xiamen Zijin agreed to acquire 0.75% equity interest of Hunchun Zijin from Hunchun Gold & Copper with cash consideration of RMB1,125,000 (HK\$1,061,320 equivalent). In total, the Group agreed to acquire 9.125% equity interest of Hunchun Zijin from Hunchun Gold & Copper with cash consideration of RMB13,687,500 (HK\$12,912,735 equivalent), and it was arrived at after arm's length negotiations between the parties thereto and on normal commercial terms. The consideration was agreed by reference to valuation by Yanbian Jingwei Assets Evaluation Co., Ltd. as at 16 December, 2004.

The Company and Xiamen Zijin paid half of the consideration RMB6,843,750 (HK\$6,456,367 equivalent) in cash from internal resources on 25 June 2005, and will pay the final balance of the consideration RMB6,843,750 (HK\$6,456,367 equivalent) in cash from internal resources not later than 31 August 2005. All parties do not have any further financial commitments in this investment.

Connected Transaction

Hunchun Gold & Copper is a shareholder of Hunchun Zijin and currently owns 20% shareholding of Hunchun Zijin. So Hunchun Gold & Copper is a connected person (as defined in the Listing Rules) to Hunchun Zijin. Based on the Listing Rules, the transaction constitutes a connected transaction of the Company.

Board of Directors

There will be no change in the Board of Directors of Hunchun Zijin after the acquisition.

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 transaction, the Company has an opportunity to increase investment in the Hunchun Zijin and will enable the Group to have larger share of return in Hunchun Zijin. Therefore, the Directors including the independent non-executive directors of the Company consider that the 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 total amount of the consideration of the transaction is less than 2.5% in the relevant percentage (as set out in the Listing Rules) except profit percentage. The proposed transaction constitutes a connected transaction of the Company under 14A.32 of The Listing Rules with exemption on the approval from Independent Shareholders and is subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

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”	(紫金礦業集團股份有限公司) 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
“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
“Hunchun Gold & Copper”	Hunchun Gold & Copper Mining Co., Ltd., a state owned limited company incorporated in the PRC
“Hunchun Zijin”	Hunchun Zijin Mining Co., Ltd., a limited company incorporated in the PRC, and it is a 67% subsidiary of the Company
“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 Hong Kong 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
“Tonne(s)”	A metric measurement of weight, 1 Tonne equals to 1,000 kilograms
“Xiamen Zijin”	Xiamen Zijin Hi-Tech Co., Ltd., a limited company incorporated in the PRC, and it is a 96.3% subsidiary of the Company
“%”	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

29 June 2005 Fujian, China.

* *The Company's English name is for identification purpose only*

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