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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

ESTABLISHMENT OF AN ASSOCIATE COMPANY

The Board wishes to announce that the Company's non-wholly-owned subsidiary — Xiamen Zijin has entered into a joint venture agreement dated 29 August 2005 with a connected party — Xinjiang Non-ferrous and 4 other independent third parties for the establishment of an equity joint venture in the PRC, namely, Xinjiang XinXin Mining Industry Co., Ltd. (新疆新鑫礦業股份有限公司), Xinjiang XinXin will mainly be engaged in mining, process, refining, and sales of non-ferrous minerals in Xinjiang. The registered capital of Xinjiang XinXin is RMB300,000,000 (HK\$288,461,538 equivalent) which is divided into 300,000,000 ordinary shares and the face value of each ordinary share is RMB1.00 (HK\$0.96 equivalent). The shares will be fully issued to all the shareholders at about 28.48% premium on its face value. Pursuant to the Joint Venture Agreement, Xiamen Zijin agreed to contribute RMB15,417,325 (HK\$14,824,350 equivalent) in cash to acquire 12,000,000 ordinary shares of Xinjiang XinXin at about 28.48% premium of its face value, representing 4% equity interest in the company.

Xinjiang Non-ferrous is a shareholder of Ashele Mining and currently owns 34% shareholding of Ashele Mining. Ashele Mining is a non-wholly-owned subsidiary of the Company and the Company owns 51% equity interest of Ashele Mining. Xinjiang Geological Mining and Prospecting Development Bureau and Xinjiang Baodi Mining Co., Ltd. own 13% and 2% shareholding of Ashele Mining respectively. So Ashele Mining is a connected person to Xinjiang Non-ferrous (as defined in the Listing Rules). Based on the Listing Rules, the transaction constitutes a connected transaction of the Company.

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 Chapter 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.

JOINT VENTURE AGREEMENT

Date: 29 August 2005

Parties:

1. Xinjiang Non-ferrous, a state-owned limited company in Xinjiang. After completion of the contract, Xinjiang Non-ferrous will own 60% shareholding of Xinjiang XinXin. Xinjiang Non-ferrous mainly carries out mining and refining business in Xinjiang, PRC;
2. Shanghai Yilian, a privately owned limited company registered in the PRC. After the completion of this contract, Shanghai Yilian will own 20% equity interest of Xinjiang XinXin. Shanghai Yilian mainly involves in investments of petroleum, natural gas and other mineral resources in the PRC;
3. Zhongjin Investment, a privately owned limited company registered in the PRC. After the completion of this contract, Zhongjin Investment will own 14% equity interest of Xinjiang XinXin. Zhongjin Investment mainly involves in trading, and investment in the PRC;
4. 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, and its remaining 1.5% shareholding is owned by an independent third party — Longyan Wongyuan Information Technology Ltd. and its ultimate beneficial owners are not connected persons to the Company. After the completion of this contract, Xiamen Zijin will own 4% equity interest of Xinjiang XinXin. Xiamen Zijin mainly involves in research and development of mining technology and investment in Tibet Jindi gold mine and Guizhou Shuiyindong gold mine;
5. Xinjiang Xinying, a privately owned limited company registered in the PRC. After the completion of this contract, Xinjiang Xinying will own 1.557% equity interest of Xinjiang XinXin. Xinjiang Xinying mainly involves in imports and exports, and sales of construction materials and machinery in the PRC; and
6. Shanxi Honghao, a privately owned limited company registered in the PRC. After the completion of this contract, Shanxi Honghao will own 0.443% equity interest of Xinjiang XinXin. Shanxi Honghao mainly involves in sales of chemical materials and metallic products in the PRC.

DETAILS OF THE TRANSACTION

General

Xiamen Zijin entered into a joint venture agreement dated 29 August 2005 with a connected party — Xinjiang Non-ferrous and 4 other independent third parties for the establishment of an equity joint venture in the PRC, namely, Xinjiang XinXin Mining Industry Co., Ltd. (新疆新鑫礦業股份有限公司). The joint venture does not have time limit. Xinjiang XinXin will mainly be engaged in mining, process, refining, and sales of non-ferrous minerals in Xinjiang. Xinjiang XinXin will be expected to commence commercial production not later than 1 October 2005. The registered capital of Xinjiang XinXin is RMB300,000,000 (HK\$288,461,538 equivalent) which is divided into 300,000,000 ordinary shares and the face

value of each ordinary share is RMB1.00 (HK\$0.96 equivalent). The shares will be fully issued to all the shareholders at about 28.48% premium on its face value. Pursuant to the Joint Venture Agreement, Xiamen Zijin agreed to contribute RMB15,417,325 (HK\$14,824,350 equivalent) in cash to acquire 12,000,000 ordinary shares of Xinjiang XinXin at about 28.48% premium of its face value, representing 4% equity interest in the company.

This transaction has been approved by the government of Xinjiang province. The use of proceeds will be mainly for the daily operation of Xinjiang XinXin. The profit sharing of the company will be based on the respective proportionate shareholding in the company.

Consideration

The registered capital of Xinjiang XinXin is RMB300,000,000 (HK\$288,461,538 equivalent) which is divided into 300,000,000 ordinary shares and the face value of each ordinary share is RMB1.00 (HK\$0.96 equivalent). The shares will be fully issued to all the shareholders at about 28.48% premium on its face value.

Pursuant to the Joint Venture Agreement, Xiamen Zijin agreed to contribute RMB15,417,325 (HK\$14,824,350 equivalent) in cash from the internal source to acquire 12,000,000 ordinary shares of Xinjiang XinXin at about 28.48% premium of its face value, representing 4% equity interest in the company, Xinjiang Non-ferrous agreed to contribute RMB231,259,876 (HK\$222,365,265 equivalent) in cash and/or valued assets to acquire 180,000,000 ordinary shares of Xinjiang XinXin at about 28.48% premium of its face value, representing 60% equity interest in the company, Shanghai Yilian agreed to contribute RMB77,086,625 (HK\$74,121,754 equivalent) in cash to acquire 60,000,000 ordinary shares of Xinjiang XinXin at about 28.48% premium of its face value, representing 20% equity interest in the company, Zhongjin Investment agreed to contribute RMB53,960,637 (HK\$51,885,227 equivalent) in cash to acquire 42,000,000 ordinary shares of Xinjiang XinXin at about 28.48% premium of its face value, representing 14% equity interest in the company, Xinjiang Xinying agreed to contribute RMB6,000,000 (HK\$5,769,230 equivalent) in cash to acquire 4,670,071 ordinary shares of Xinjiang XinXin at about 28.48% premium of its face value, representing 1.557% equity interest in the company, and Shanxi Honghao agreed to contribute RMB1,708,662 (HK\$1,642,944 equivalent) in cash to acquire 1,329,929 ordinary shares of Xinjiang XinXin at about 28.48% premium of its face value, representing 0.443% equity interest in the company.

The assets to be contributed by Xinjiang Non-ferrous were, in accordance with the PRC regulations regarding the valuation, valued to be worth approximately RMB 231,259,876 (HK\$222,365,265 equivalent) by an independent licenced professional valuer — Xijiang Huaxa Assets Valuation Company Limited as at 19 April, 2005.

Each shareholder of Xinjiang XinXin will pay the consideration by cash and/or by injection of valued assets on proportionate basis not later than 3 business days after the formation of XinXin. If the monetary value of the injected assets of any shareholder is lower than the

shares acquisition consideration, the shortage will be paid up in cash by that shareholder. Except for the total consideration of RMB385,433,125 (HK\$370,608,774 equivalent) for the acquisition of 300,000,000 ordinary shares of the company, all parties do not have any further financial commitments in this investment.

Connected Transaction

Xinjiang Non-ferrous is a shareholder of Ashele Mining Co., Ltd. and currently owns 34% shareholding of Ashele Mining. Ashele Mining is a non-wholly-owned subsidiary of the Company and the Company owns 51% equity interest of Ashele Mining. Xinjiang Geological Mining and Prospecting Development Bureau and Xinjiang Baodi Mining Co., Ltd. own 13% and 2% shareholding of Ashele Mining respectively. So Ashele Mining is a connected person to Xinjiang Non-ferrous (as defined in the Listing Rules). Based on the Listing Rules, the transaction constitutes a connected transaction of the Company.

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 may have an opportunity to enlarge investment in mineral resources in Xinjiang. Therefore, the Directors including the independent non-executive directors 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 transaction constitutes a connected transaction of the Company under Chapter 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:

“Ashele Mining”	Xinjiang Ashele Copper Co., Ltd., a non-wholly-owned subsidiary (owns 51% equity interest) of the Company, a limited company incorporated in the PRC with limited liability
”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
”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
“Shanghai Yilian”	Shanghai Yilian Kuangneng Industry Co., Ltd., a privately owned limited company incorporated in the PRC with limited liability
“Shanxi Honghao”	Shanxi Honghao Industry Co., Ltd., a privately owned limited company incorporated in the PRC with limited liability
”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 High-tech Co., Ltd., a non-wholly-owned subsidiary (owns 96.3% equity interest) of the Company, a limited company incorporated in the PRC with limited liability
“Xinjiang Non-ferrous”	Xinjiang Non-ferrous Metal Industry (Group) Ltd., a state-owned limited company incorporated in the PRC with limited liability
“Xinjiang Xinying”	Xinjiang Xinying New Materials Co., Ltd., a privately owned limited company incorporated in the PRC with limited liability

“Zhongjin Investment” Zhongjin Investment (Group) Ltd., a privately owned limited company incorporated in the PRC with limited liability

“%” 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 = RMB1.04.

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 Company Limited
Chen Jinghe
Chairman

30 August 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.