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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 - Zijin Investment has entered into a joint venture agreement dated 8 September 2005 with a connected party - Minxi Xinghang and an independent third party - Master Achieve for the establishment of an equity joint venture in the PRC, namely, Fujian Shanghang Jinyi Copper Co., Ltd. (福建省上杭縣金藝銅業有限公司), Shanghang Jinyi will mainly be engaged in production and sale of copper pipes in Shanghang, Fujian. The registered capital of Shanghang Jinyi is RMB40,500,000 (HK\$38,942,307 equivalent) and the shareholders agreed to take up another RMB49,500,000 (HK\$47,596,153 equivalent) financial commitment by means of several but not joint and several guarantees. Pursuant to the Joint Venture Agreement, Zijin Investment will contribute RMB16,200,000 (HK\$15,576,923 equivalent) in cash from internal source as registered capital, and will take up RMB19,800,000 (HK\$19,038,461 equivalent) as maximum financial burden by means of several but not joint and several guarantee, representing 40% equity interest in Shanghang Jinyi. The total commitment of Zijin Investment in Shanghang Jinyi will be RMB36,000,000 (HK\$34,615,384 equivalent).

Minxi Xinghang is a substantial shareholder (32.04%) and a promoter of the Company. So Minxi Xinghang is a connected person to the Company (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 ratios (as set out in the Listing Rules) except profit percentage ratio. 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: 8 September 2005

Parties:

1. Master Achieve, a limited company registered in Hong Kong and is a wholly-owned subsidiary of a Hong Kong Stock Exchange listed company - Hua Yi Copper Holdings Ltd., after the completion of this contract, Master Achieve will own 45% equity interest of Shanghang Jinyi. Master Achieve is solely formed for investment and shareholding of Shanghang Jinyi;
2. Zijin Investment, it is a non-wholly-owned subsidiary of the Company and the Company currently owns 99.815% of its shareholding, its 0.11% shareholding is owned by the Company's promoters which are connected persons (as defined in the Listing Rules) to the Company, and its remaining 0.075% 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, Zijin Investment will own 40% equity interest of Shanghang Jinyi. Zijin Investment involves in hydro power, logistics, and risk exploration investments in the PRC; and
3. Minxi Xinghang, a state-owned limited company in Fujian. After completion of the contract, Minxi Xinghang will own 15% shareholding of Shanghang Jinyi. Minxi Xinghang mainly carries out investment business in Fujian, PRC.

DETAILS OF THE TRANSACTION

General

The Board wishes to announce that the Company's non-wholly-owned subsidiary - Zijin Investment has entered into a joint venture agreement dated 8 September 2005 with a connected party - Minxi Xinghang and an independent third party - Master Achieve for the establishment of an equity joint venture in the PRC, namely, Fujian Shanghang Jinyi Copper Co., Ltd. (福建省上杭縣金藝銅業有限公司), Shanghang Jinyi will mainly be engaged in production and sale of copper pipes in Shanghang, Fujian. The joint venture does not have time limit. The registered capital of Shanghang Jinyi is RMB40,500,000 (HK\$ 38,942,307 equivalent) and the shareholders agreed to take up another RMB49,500,000 (HK\$ 47,596,153 equivalent) financial commitment by means of several but not joint and several guarantees. Pursuant to the Joint Venture Agreement, Zijin Investment will contribute RMB16,200,000 (HK\$ 15,576,923 equivalent) in cash from internal source as registered capital, and will take up RMB19,800,000 (HK\$ 19,038,461 equivalent) as maximum financial burden by means of several but not joint and several guarantee, representing 40% equity interest in Shanghang Jinyi. The total commitment of Zijin Investment in Shanghang Jinyi will be RMB36,000,000 (HK\$ 34,615,384 equivalent).

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

Consideration

Pursuant to the Joint Venture Agreement, Zijin Investment will contribute RMB16,200,000 (HK\$ 15,576,923 equivalent) in cash from internal source as registered capital, and will take up RMB19,800,000 (HK\$ 19,038,461 equivalent) as maximum financial burden by means of several but not joint and several guarantee, representing 40% equity interest in Shanghang Jinyi. The total commitment of Zijin Investment in Shanghang Jinyi will be RMB36,000,000 (HK\$ 34,615,384 equivalent).

Master Achieve will contribute RMB18,225,000 (HK\$ 17,524,038 equivalent) in cash as registered capital, and will take up RMB22,275,000 (HK\$ 21,418,269 equivalent) as maximum financial burden by means of several but not joint and several guarantee, representing 45% equity interest in Shanghang Jinyi. The total commitment of Master Achieve in Shanghang Jinyi will be RMB40,500,000 (HK\$ 38,942,307 equivalent).

Minxi Xinghang will contribute RMB6,075,000 (HK\$ 5,841,346 equivalent) in cash as registered capital, and will take up RMB7,425,000 (HK\$ 7,139,423 equivalent) as maximum financial burden by means of several but not joint and several guarantee, representing 15% equity interest in Shanghang Jinyi. The total commitment of Minxi Xinghang in Shanghang Jinyi will be RMB13,500,000 (HK\$ 12,980,769 equivalent).

Each shareholder of Shanghang Jinyi will pay 30% of the registered capital by cash on proportionate basis not later than 1 week after the opening of capital certification bank account. The timing of injection of the remaining amount of registered capital and the financial support by guarantees will be decided by board of directors of Shanghang Jinyi. Except for the total consideration of RMB90,000,000 (HK\$ 86,538,460 equivalent) all parties do not have any further financial commitments in this investment.

Condition

The proposed establishment of Shanghang Jinyi is subject to the execution of a definitive joint venture agreement and approval of the relevant PRC authorities. Further announcement will be made by the Company in accordance with the Listing Rules if and when such definitive joint venture agreement is entered into by the parties.

Board of directors

The board of Shanghang Jinyi comprises 5 directors, of which Master Achieve will nominate 2 persons, and Zijin Investment will nominate 2 persons, and Minxi Xinghang will nominate 1 person.

Connected Transaction

Minxi Xinghang is a substantial shareholder (32.04%) and a promoter of the Company. So Minxi Xinghang is a connected person to the Company (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 invest in copper products production in Fujian, PRC. 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 ratios (as set out in the Listing Rules) except profit percentage ratio. 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:

“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
“Hua Yi”	Hua Yi Copper Holdings Ltd., a limited company registered in the Bermuda and listed in Hong Kong Stock Exchange.
“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

“Master Achieve”	Master Achieve Enterprise Ltd., a limited company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of Hua Yi Copper Holdings Ltd., Hua Yi Copper Holdings Ltd. is a listed company in 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
“Shanghang Jinyi”	Fujian Shanghang Jinyi Copper Co., Ltd., is a proposed company to be formed 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
“Zijin Investment”	Fujian Zijin Investment Co., Ltd., a non-wholly-owned subsidiary (owns 99.815% equity interest) of the Company, a limited company incorporated in the PRC with limited liability
“Minxi Xinghang”	Minxi Xinghang State-owned Assets Investment Co., Ltd., a state-owned limited company incorporated in the PRC with limited liability, a substantial shareholder of the Company and currently owns 32.04% shareholding
“%”	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

9 September 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.