

The Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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
LOAN TO A NON-WHOLLY OWNED SUBSIDIARY**

The Board wishes to announce that the Company has entered into a loan agreement dated 14 October 2005 with a connected party — Shanghang Zijin. Shanghang Zijin is also a non-wholly owned subsidiary of the Company. The Company agreed to grant a one-year loan of RMB50,000,000 (HK\$48,076,923 equivalent) to Shanghang Zijin at 5.58%p.a. interest rate for the development of Jiantou hydropower station.

Mr. Lai Zongming is a director and shareholder of Shanghang Daguangming. He currently owns 94.85% equity of Shanghang Daguangming. Mr. Lai is also a director of Shanghang Zijin. He indirectly owns 46.48% shareholding of Shanghang Zijin. So Shanghang Zijin is a connected person to the Company (as defined in the Listing Rules). Based on the Listing Rules, the proposed 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 proposed 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.

LOAN AGREEMENT

Date: 14 October 2005

Parties:

1. The Company, a parent company of Shanghang Zijin. The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources, and hydro power in the PRC; and

2. Shanghang Zijin, Zijin Investment and Shanghang Daguangming currently own 51% and 49% of Shanghang Zijin respectively. Shanghang Zijin is a subsidiary of the Group. Zijin Investment 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. Shanghang Zijin mainly carries out hydro power business at Ting River, Fujian, PRC.

DETAILS OF THE PROPOSED TRANSACTION

General

The Company has entered into a loan agreement dated 14 October 2005 with a connected party — Shanghang Zijin. Shanghang Zijin is also a non-wholly owned subsidiary of the Company. The Company agreed to grant a one-year loan of RMB50,000,000 (HK\$48,076,923 equivalent) to Shanghang Zijin at 5.58%p.a. interest rate for the development of Jiantou hydropower station. The terms of the agreement are on normal commercial terms. The agreed interest rate is same as the interest rate of one year loan offered by Bank of China Shanghang Branch. The loan will start from 14 October 2005 to 13 October 2006. Shanghang Zijin agreed to repay the loan plus interest within 5 working days after the maturity date.

Consideration

Pursuant to the loan agreement, the Company agreed to loan RMB50,000,000 (HK\$48,076,923 equivalent) in cash from the Company's internal source to Shanghang Zijin at 5.58%p.a. interest rate.

Connected Transaction

Mr. Lai Zongming is a director and shareholder of Shanghang Daguangming. He currently owns 94.85% equity of Shanghang Daguangming. Mr. Lai is also a director of Shanghang Zijin. He indirectly owns 46.48% shareholding of Shanghang Zijin. So Shanghang Zijin is a connected person to the Company (as defined in the Listing Rules). Based on the Listing Rules, the proposed 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, and hydro power in the PRC. The loan enables Shanghang Zijin to accelerate the development of Jiantou Hydropower station. Development of a hydro power station is a normal course of business of the Company. As a result of the proposed transaction, the Company may have an opportunity to finance the development of a hydropower station in the Fujian. Therefore, the Directors including the independent non-executive directors consider that the proposed transaction and the terms of the Agreement are 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 proposed 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
“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
“Shanghang Daguangming”	Shanghang County Daguangming Power Group Company Limited, a company incorporated in the PRC with limited liability

“Shanghang Zijin”	Shanghang Zijin Hydro Power Company Limited, is a subsidiary of the Group and it is 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
“Zijin Investment”	Fujian Zijin Investment Company Limited, a non-wholly-owned subsidiary of the Group, and it is 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

18 October 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.