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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 TRANSACTIONS-EQUITY INTEREST ACQUISITION OF A NON-WHOLLY-OWNED SUBSIDIARY

The Board wishes to announce that the Company has entered into two acquisition agreements on 21 December 2005 with a connected party - YGB to respectively acquire 20% equity interest in Huaxi, and YGB's right to make further capital contribution of RMB10 million out of the proposed increase in the registered capital from RMB50 million to RMB100 million in our non — wholly owned subsidiary — Huaxi.

Huaxi is currently owned by the Company as to 53%, YGB as to 40%, and Qiaoxing as to 7%. Qiaoxing is not a connected person to the Company. YGB and Qiaoxing are not connected to each other. YGB is a substantial shareholder of Huaxi, so YGB is a connected person (as defined in the Listing Rules) to the Company. Based on the Listing Rules, the transactions constitute connected transactions.

The total amount of the consideration of the transactions is less than 2.5% in the relevant percentage ratios (as set out in the Listing Rules) except profit percentage ratio. The transactions constitute connected transactions 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.

TWO AGREEMENTS WITH YGB (collectively, the "Agreements")

Date: 21 December 2005

Parties:

1. The Company, it is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC; and
2. YGB, a governmental unit formed in Yunnan, the PRC. YGB mainly carries out mining exploration and development business in Yunnan, the PRC.

DETAILS OF THE TRANSACTIONS

General

The Board wishes to announce that the Company has entered into two acquisition agreements on 21 December 2005 with a connected party - YGB to respectively acquire 20% equity interest in Huaxi, and YGB's right to make further capital contribution of RMB10 million out of the proposed increase in the registered capital from RMB50 million to RMB100 million in our non-wholly owned subsidiary — Huaxi.

Huaxi is currently owned by the Company as to 53%, YGB as to 40%, and Qiaoxing as to 7%. Qiaoxing is not a connected person to the Company.

The company started to invest Huaxi on 5 June 2005 and currently owns 53% equity interest of Huaxi. The Company will additionally acquire 20% equity interest of Huaxi. In completion of acquisition of 20% equity interest, the Company will hold 73% equity interest and YGB will hold 20% equity interest.

After equity interest acquisition, the Company will purchase YGB's right to make further capital contribution of RMB10 million out of the proposed increase in the registered capital from RMB50 million to RMB100 million in Huaxi. The contribution of the registered capital increase will be on pro-rata basis. After the execution of YGB's subscription right, the Company will gain 10% equity interest of Huaxi. The Company will own 83% equity interest of Huaxi and YGB's equity interest will be diluted to 10%. The proposed increase in the registered capital of Huaxi is expected to be completed no later than 31 August 2006.

Huaxi was formed on 9 March 2004. As at 31 December 2004, Huaxi's total value of assets is RMB58,594,545 (HK\$56,340,908 equivalent), its total net asset value is RMB56,982,123 (HK\$54,790,502 equivalent), and its net profit after tax is RMB919,716 (HK\$884,342 equivalent). The financial data were audited under PRC GAAP.

Huaxi is a non-wholly owned subsidiary of the Company and its financial results will be continually consolidated into our Group's accounts as a subsidiary after the acquisition transactions.

Condition

The completion of the transactions is subject to the approval of Yunnan Government which is expected not later than 31 August 2006.

Consideration

Pursuant to the Agreements, the Company agreed to acquire 20% equity interest of Huaxi from YGB with cash consideration of RMB25 million (HK\$24,038,461 equivalent), and YGB's right to make further capital contribution of RMB10 million out of the proposed increase in the registered capital from RMB50 million to RMB100 million in Huaxi for the cash consideration of RMB7.5 million (HK\$7,211,538 equivalent) and it was arrived at after arm's length negotiations between the parties thereto and on normal commercial terms. The

price of equity interest and the price of subscription right in these transactions are the same as the prices of the Company's previous acquisitions in Huaxi on 5 June 2005. YGB's original acquisition cost of 20% equity interest of Huaxi was RMB10 million and paid on 9 March 2004.

The Company will pay RMB7.5 million (HK\$7,211,538 equivalent) (23.07% of the total consideration) in cash from internal resources within 15 working days after signing of this agreement, and will pay the final balance of the total consideration RMB25 million (HK\$24,038,461 equivalent) in cash from internal resources not later than 31 August 2006. All parties do not have any further financial commitments in this investment.

Connected Transactions

Huaxi is currently owned by the Company as to 53%, YGB as to 40%, and Qiaoxing as to 7%. Qiaoxing is not a connected person to the Company. YGB and Qiaoxing are not connected to each other. YGB is a substantial shareholder of Huaxi, so YGB is a connected person (as defined in the Listing Rules) to the Company. Based on the Listing Rules, the transactions constitute connected transactions.

REASONS FOR THE PROPOSED TRANSACTIONS

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 transactions, the Company has an opportunity to increase investment in the Huaxi and will enable the Group to have larger share of return in Huaxi. After an arm's length negotiation between the parties, all the parties signed the Agreements in the ordinary and usual course of business and on normal commercial terms. Therefore, the Directors including the independent non-executive directors consider that the transactions 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 annual consideration of the transactions are less than 2.5% in the relevant percentage ratios (as set out in the Listing Rules) except profit percentage ratio. The transactions constitute connected transactions of the Company under Chapter 14A.34 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:

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| “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 |
| “Huaxi” | 雲南華西礦產資源有限公司 (Yunnan Huaxi Mining Resources Company Limited), a domestic company incorporated in the PRC with limited liability, which carries out mining business in Yunnan, the PRC |
| “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 |
| “PRC GAAP” | The Generally Accepted Accounting Principles adopted in the PRC |
| “Qiaoxing” | 廈門喬興投資管理有限公司 (Xiamen Qiaoxing Investment Management Company Limited), a privately owned domestic company incorporated in the PRC with limited liability, and which carries out mining investment business in the PRC |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shareholder(s)” | the shareholder(s) of the Company |

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| “Tonne(s)” | A metric measurement of weight, 1 Tonne equals to 1,000 kilograms |
| “YGB” | 雲南省地質礦產勘查開發局 (Yunnan Geology Mining and Exploration Bureau), a governmental unit in Yunnan which carries out mining and exploration works in Yunnan, the PRC |
| “%” | 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

23 December 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.