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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)

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Board announces that, on 18 January 2006, the Company has entered into the following agreements:

- (1) Xihuadu Contracting Agreement in relation to the provision of exploitation contracting services for gold and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Zijinshan Gold Mine by Xihuadu Engineering for a term from 1 January 2006 to 31 December 2008 subject to the priority of renewal by Xihuadu Engineering upon expiration, which also replaced and superseded a contracting agreement entered into with Xihuadu Engineering on 20 December 2005; and
- (2) Hongyang Contracting Agreement in relation to the provision of exploitation contracting services for gold and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Zijinshan Gold Mine by Hongyang Mine for a term from 1 January 2006 to 31 December 2008 subject to the priority of renewal by Hongyang Mine upon expiration, which also replaced and superseded a contracting agreement entered into with Hongyang Mine on 20 December 2005.

Xihuadu Engineering is a promoter of the Company. Xihuadu Engineering is a connected person of the Company pursuant to the Listing Rules. Hongyang Mine is a promoter of Hunchun Zijin. As at the date of this announcement, Hongyang Mine holds and owns 6.75% equity interest in Hunchun Zijin, a subsidiary of the Company. Hongyang Mine is considered to be a connected person of the Group by the Stock Exchange. Therefore, any transactions between Xihuadu Engineering, Hongyang Mine and the Company constitute connected transactions under Chapter 14A of the Listing Rules.

The Non-exempt Continuing Connected Transactions, which are continuous in nature and were entered into in the ordinary course of business of the Company, constitute continuing connected transactions of the Company under the Listing Rules and are subject to reporting, announcement and Independent Shareholders' approval requirement pursuant to Rule 14A.35. The Independent Shareholders will be asked to consider and, if thought fit, approve by poll the Non-exempt Continuing Connected Transactions and the New Annual Cap for the three years ended 31 December 2008 at EGM. The New Annual Cap of Hongyang Contracting Agreement for the three years ended 31 December 2008 will be RMB70 million, RMB100 million and RMB120 million respectively. The New Annual Cap of Xinquadu Contracting Agreement for the three years ended 31 December 2008 will be RMB90 million, RMB120 million and RMB150 million respectively.

The Company has appointed Get Nice Capital Limited as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions.

A circular containing, among other things, (i) details of the Non-exempt Continuing Connected Transactions; (ii) a letter from an independent financial adviser to the Independent Board Committee containing its advice to the Independent Board Committee and the Independent Shareholders; (iii) the recommendation of the Independent Board Committee; and (iv) a notice of the EGM will be dispatched to the shareholders of the Company as soon as practicable.

1. XINHUADU CONTRACTING AGREEMENT

Date:	18 January 2006
Parties:	Xinquadu Engineering and the Company
Services to be provided:	Provision of exploitation contracting services for gold and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Zijinshan Gold Mine
Pricing:	Such transactions will be conducted on terms by reference to the market prices or similar terms available from independent third parties
Term:	From 1 January 2006 to 31 December 2008
Others:	Xinquadu Engineering has the priority of renewal upon expiration It replaces and supersedes a contracting agreement entered into with Xinquadu Engineering on 20 December 2005
Conditions Precedent:	The Xinquadu Contracting Agreement is conditional upon signing and obtaining approval by Independent Shareholders at EGM

2. HONGYANG CONTRACTING AGREEMENT

Date:	18 January 2006
Parties:	Hongyang Mine and the Company
Services to be provided:	Provision of exploitation contracting services for gold and non-ferrous metals (inclusive of the process of stripping, mining and transportation) for part of the Zijinshan Gold Mine
Pricing:	Such transactions will be conducted on terms by reference to the market prices or similar terms available from independent third parties
Term:	From 1 January 2006 to 31 December 2008
Others:	Hongyang Mine has the priority of renewal upon expiration It replaces and supersedes a contracting agreement entered into with Hongyang Mine on 20 December 2005
Conditions Precedent:	The Hongyang Contracting Agreement is conditional upon signing and obtaining approval by Independent Shareholders at EGM

The terms of the Xinhua Engineering Contracting Agreement and Hongyang Contracting Agreement were arrived at after arm's length negotiation with Xinhua Engineering and Hongyang Mine respectively. Apart from the amendments regarding basis of pricing, the other terms of the Xinhua Engineering Contracting Agreement and Hongyang Contracting Agreement are substantially the same as the previous contracting agreements entered into between the Company, Xinhua Engineering and Hongyang Mine.

3. REASONS FOR AND BENEFITS OF THE NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

The Directors (excluding the independent non-executive Directors who will express their view after considering the independent financial adviser's advice letter to be included in the circular) believe that the terms of the Non-exempt Continuing Connected Transactions are fair and reasonable and in the best interests of the shareholders as a whole.

By virtue of the Xinhua Engineering Contracting Agreement and Hongyang Contracting Agreement, the Company will be able to continue to contract out exploitation works, thereby reducing the capital investment by the Group in equipment and human resources and enhancing the productivity and efficiency of exploitation.

4. APPROVAL BY INDEPENDENT SHAREHOLDERS

(1) Annual Cap for the Non-exempt Continuing Connected Transactions

The Company proposes that the maximum amounts ("New Annual Cap") of the Xinhua Engineering Contracting Agreement for each of the three years ended 31st December, 2008

will be RMB90 million, RMB120 million and RMB150 million respectively. The New Annual Cap of the Hongyang Contracting Agreement for each of the three years ended 31st December, 2008 will be RMB70 million, RMB100 million and RMB120 million respectively.

The New Annual Cap was determined by reference to historical figures payable under the previous contracting agreements entered into between the Company, Xinquadu Engineering and Hongyang Mine and to a possible increase in production scale by the Group. For each of the two years ended 31st December, 2005, the service fees paid to Xinquadu Engineering under the previous contracting agreements were RMB86,266,000 (audited) and RMB67,999,927 (unaudited) respectively. The service fees paid to Hongyang Mine under the previous contracting agreements for each of the two years ended 31st December, 2005 were RMB67,526,000 (audited) and RMB59,159,990 (unaudited) respectively. The breakdown of the transaction value is as follows:

	Year 2004 (audited) RMB	Year 2005 (unaudited) RMB	Year 2006 (Cap) RMB	Year 2007 (Cap) RMB	Year 2008 (Cap) RMB
1. Provision of exploitation services and mining works by Xinquadu Engineering	86,266,000	67,999,927	90,000,000	120,000,000	150,000,000
2. Provision of exploitation services and mining works by Hongyang Mine	67,526,000	59,159,990	70,000,000	100,000,000	120,000,000

For each of the two financial years ended 31 December 2004 and 2005, Hongyang Mine has produced approximately 3,840,000 and 3,560,000 cubic metres ore and Xinquadu Engineering has produced approximately 6,410,000 and 5,430,000 cubic metres ore. It is estimated that Hongyang will produce approximately 6,222,222, 8,888,888 and 10,666,666 cubic metres ore for 2006, 2007 and 2008 respectively under Hongyang Contracting Agreement and that Xinquadu Engineering will produce approximately 8,000,000, 10,666,666 and 13,333,333 cubic metres ore for 2006, 2007 and 2008 respectively under Xinquadu Contracting Agreement. The estimated increase in production volume is due to estimated strong demand for the product of the Company and results in the increase in the New Annual Cap.

(2) Approval by Independent Shareholders

Xinquadu Engineering is a promoter of the Company. Xinquadu Engineering is a connected person of the Company pursuant to the Listing Rules. Hongyang Mine is a promoter of Hunchun Zijin. As at the date of this announcement, Hongyang Mine holds and owns 6.75% equity interest in Hunchun Zijin, a subsidiary of the Company. Hongyang Mine is considered to be a connected person of the Group by the Stock Exchange. Therefore, any transactions between Xinquadu Engineering, Hongyang Mine and the Company constitute connected transactions under Chapter 14A of the Listing Rules and all of the Non-exempt Continuing Connected Transactions would constitute connected transactions. Since the annual aggregate consideration of these Non-exempt Continuing Connected Transactions will not be less than HK\$10,000,000 and each of relevant percentage ratios as defined in Rule 14A.10 of the Listing Rules will not be less

than 2.5%, pursuant to rule 14A.35 of the Listing Rules, these Non-exempt Continuing Connected Transactions would require disclosure by way of announcement, preparation and dispatch of circulars to shareholders and prior approval by the Independent Shareholders of the Company by poll. The Independent Shareholders will also be asked to consider and, if thought fit, approve by poll the New Annual Cap at EGM.

5. CONDITIONS TO THE APPROVAL

The Independent Shareholders' approval regarding the New Annual Cap of Xinquadu Contracting Agreement and Hongyang Contracting Agreement and the Non-exempt Continuing Connected Transactions for the three financial years ended 31 December 2008 shall be subject to the following conditions:

1. The Non-exempt Continuing Connected Transactions
 - (1) have been entered into in the ordinary and usual course of business of the Company;
 - (2) have been entered into in accordance with the terms of the Xinquadu Contracting Agreement and Hongyang Contracting Agreement governing them on terms that are fair and reasonable so far as the Company and its shareholders as a whole are concerned;
 - (3) have been conducted either (A) on normal commercial terms or (B) on terms no less favourable than those available from independent third parties.
2. The annual aggregate amount of the Non-exempt Continuing Connected Transactions for each financial year shall not exceed the New Annual Cap.
3. The independent non-executive Directors of the Company at the relevant time shall review annually the Non-exempt Continuing Connected Transactions and confirm in the Company's next annual report that the Non-exempt Continuing Connected Transactions are conducted in the manner as stated in (1), (2) and (3) above.
4. The auditors of the Company shall review the Non-exempt Continuing Connected Transactions annually and provide the Board (a copy of which shall be provided to the Stock Exchange) with a letter (the "Auditors' Letter") stating that:
 - (i) the Non-exempt Continuing Connected Transactions have received the approval of the Board;
 - (ii) the Non-exempt Continuing Connected Transactions are in accordance with the pricing policy of the Company;
 - (iii) the Non-exempt Continuing Connected Transactions have been entered into in accordance with the terms of the agreements governing such Non-exempt Continuing Connected Transactions; and

- (iv) the New Annual Cap for the Non-exempt Continuing Connected Transactions has not been exceeded.

For the purpose of the above review by the international auditors of the Company, Xinhua Engineering and Hongyang Mine undertake to the Stock Exchange that they will provide the international auditors of the Company with access to their accounting records.

Where, for whatever reason, the international auditors of the Company decline to accept the engagement or are not able to provide the Auditors' Letter, the Board shall notify the Stock Exchange and publish an announcement immediately.

5. Details of the Non-exempt Continuing Connected Transactions in each financial year shall be disclosed as required under rule 14A.46 of the Listing Rules in the annual report of the company for that financial year together with a statement of the opinion of the independent non-executive Directors and the international auditors of the Company as referred in paragraphs 3 & 4 above.

If any terms of the Non-exempt Continuing Connected Transactions as mentioned above are altered or if the Company enters into any new agreements with any connected persons (within the meaning of the Listing Rules) in the future, the Company will, in respect thereof, comply with the provisions of Chapter 14A of the Listing Rules governing connected transactions.

6. CONNECTION BETWEEN THE PARTIES IN THE TRANSACTIONS

Xinhua Engineering is a promoter of the Company. Xinhua Engineering is a connected person of the Company pursuant to the Listing Rules. Hongyang Mine is a promoter of Hunchun Zijin. As at the date of this announcement, Hongyang Mine holds and owns 6.75% equity interest in Hunchun Zijin, a subsidiary of the Company. Hongyang Mine is considered to be a connected person of the Group by the Stock Exchange.

Therefore, any transactions between Xinhua Engineering, Hongyang Mine and the Company constitute connected transactions under Chapter 14A of the Listing Rules. The Non-exempt Continuing Connected Transactions contemplated under this announcement constitute continuing connected transactions under Chapter 14A of the Listing Rules. Since each of relevant percentage ratios as defined in Rule 14A.10 of the Listing Rules is not less than 2.5%, the Non-exempt Continuing Connected Transactions are subject to Independent Shareholders' approval requirement pursuant to Rule 14A.35.

7. INFORMATION ABOUT THE COMPANY

The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC.

8. INFORMATION ABOUT XINHUADU ENGINEERING AND HONGYANG MINE

Xinhua Engineering is a domestic company incorporated in the PRC with limited liability. The principal operations of Xinhua Engineering include the carrying out of mining engineering business in Fujian, the PRC.

Hongyang Mine is a domestic company incorporated in the PRC with limited liability and is engaged in mining engineering business in Fujian, the PRC.

9. GENERAL

Xinhuadu Engineering is one of the promoters of the Company and Hongyang Mine is deemed to be a connected person of the Group for the purposes of the Listing Rules. Pursuant to the Listing Rules, Xinhuadu Engineering, Hongyang Mine and their respective associates will abstain from voting in the EGM to approve the Non-exempt Continuing Connected Transactions and the New Annual Cap and all matters contemplated thereunder.

The Independent Shareholders will be asked to consider and, if thought fit, approve by poll the Non-exempt Continuing Connected Transactions and the New Annual Cap at EGM.

The Company has appointed Get Nice Capital Limited as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions.

A circular containing, among other things, (i) details of the Non-exempt Continuing Connected Transactions; (ii) a letter from the independent financial adviser to the Independent Board Committee containing its advice to the Independent Board Committee and the Independent Shareholders on the approval of the Non-exempt Continuing Connected Transactions; (iii) the recommendation of the Independent Board Committee regarding the approval of the Non-exempt Continuing Connected Transactions; and (iv) a notice of the EGM will be dispatched to the shareholders of the Company as soon as practicable.

10. DEFINITIONS

In this announcement, unless otherwise indicated in the context, the following expressions have the meanings set out below:

“Board”	the board of Directors
“Company”	Zijin Mining Group Co., Ltd.*, a joint stock limited company incorporated in the PRC with limited liability
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of approving, inter alia, the Non-exempt Continuing Connected Transactions and the New Annual Cap
“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
“Hongyang Contracting Agreement”	the agreement entered into between the Company and Hongyang Mine on 18 January 2006 in relation to, inter alia, the provision of exploitation contracting services for gold and non-ferrous metals by Xinhua Engineering to the Company
“Hongyang Mine”	福建省上杭鴻陽礦山工程有限公司 (Fujian Shanghang Hongyang Mine Engineering Company Limited), a domestic company incorporated in the PRC with limited liability
“Hunchun Zijin”	琿春紫金礦業有限公司 (Hunchun Zijin Mining Company Limited), a domestic company incorporated in the PRC with limited liability, and which is beneficially owned by the Company as to 75.375%
“Independent Board Committee”	the independent board committee of the Company constituted for the purpose of the Non-exempt Continuing Connected Transactions, comprising three independent non-executive Directors
“Independent Shareholders”	shareholders of the Company other than Xinhua Engineering and Hongyang Mine and their respective associations (as defined in the Listing Rules)
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“Non-exempt Continuing Connected Transactions”	the connected transactions under the Xinhua Contracting Agreement and Hongyang Contracting Agreement which were entered into between the Company, Xinhua Engineering and Hongyang Mine on a continuing basis
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Xinhua Contracting Agreement”	the agreement entered into between the Company and Xinhua Engineering on 18 January 2006 in relation to, inter alia, the provision of exploitation contracting services for gold and non-ferrous metals by Xinhua Engineering to the Company

“Xinhuadu Engineering”	福建省新華都工程有限責任公司 (Fujian Xinhuadu Engineering Company Limited), formerly known as 上杭縣華都建設工程有限公司 (Shanghang County Huadu Construction Engineering Company Limited), a domestic company incorporated in the PRC with limited liability, and which is one of the promoters of the Company
“Zijinshan Gold Mine”	the gold mine of the Group in Shanghang county, Fujian province, 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

27 January 2006 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.