

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Zijin Mining Group Co., Ltd.*, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

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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)

**PROPOSED ELECTION OF DIRECTORS AND SUPERVISORS
PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING IN 2006**

The notice convening the extraordinary general meeting of the Company to be held at the Company's conference room at 1st Floor, No.1, Zijin Road, Shanghang County, Fujian Province, The People's Republic of China on 18 August 2006 (Friday) at 9:00 a.m. is set out on pages 52 to 54 of this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed form of proxy and ballot form in accordance with the instructions printed thereon, to the office of the Secretary to the Board of the Company at No.1, Zijin Road, Shanghang County, Fujian Province, The People's Republic of China (Fax: (86) 592 3969667), as soon as possible and in any event not less than 24 hours prior to the date of the extraordinary general meeting,. Completion and return of the form of proxy and ballot form will not preclude you from attending and voting at the meeting should you so wish.

* For identification purpose only

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DEFINITIONS

In this circular, 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 PRC with limited liability
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened at 9:00 a.m. on 18 August 2006, Friday, at the conference room on the 1st floor of the Company’s office building at No.1, Zijin Road, Shanghang County, Fujian Province, The PRC
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“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 circular, excludes Hong Kong, Macau SAR and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Shares”	share(s) of RMB0.1 each in the share capital of the Company
“Shareholder(s)”	the shareholder(s) of the Company
“Supervisors”	the members of Supervisory Committee
“Supervisory Committee”	the supervisory committee of the Company
“%”	per cent

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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)

Executive Directors:

Chen Jinghe *(the Chairman)*

Liu Xiaochu

Luo Yingnan

Lan Fusheng

Rao Yimin

Registered Office and

Principal Place of Business:

No.1 Zijin Road

Shanghang County

Fujian Province

the PRC

Non-executive Director:

Ke Xiping

Place of business in Hong Kong:

Suite 1608, West Tower,

Shun Tak Centre

168-200 Connaught Road

Central

Hong Kong

Independent non-executive Directors:

Yang Dali

Yao Lizhong

Loong Ping Kwan

30 June 2006

To the Shareholders

Dear Sir/Madam,

**PROPOSED ELECTION OF DIRECTORS AND SUPERVISORS
PROPOSED AMENDMENT TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF SECOND EXTRAORDINARY GENERAL MEETING IN 2006**

1. INTRODUCTION

The purpose of this circular is to provide you with information regarding (i) the election of Directors and Supervisors; and (ii) the proposed amendments to the Articles of Association.

** For identification purpose only*

LETTER FROM THE BOARD OF DIRECTORS

2. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In accordance with the Company Law of the PRC (revised in 2005), and the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules and having regard to the Guidelines for Articles of Association of Listed Companies (Revised in 2006), other laws, administrative rules and regulations, the Company proposed to amend the Articles of Association.

The proposed amendments to the Articles of Association are set out in Appendix 2 to this circular.

3. ELECTION OF DIRECTORS

The Board currently consists of 9 Directors, including 5 executive Directors, namely, Mr. Chen Jinghe, Mr. Liu Xiaochu, Mr. Luo Yingnan, Mr. Lan Fusheng, and Mr. Rao Yimin, one non-executive Director namely Mr. Ke Xiping, and 3 independent non-executive Directors, namely, Mr. Yang Dali, Mr. Yao Lizhong and Mr. Loong Ping Kwan.

According to Article 92 of the Articles of Association, the term of office of each of the Directors is 3 years. Under the Articles of Association, the appointment of Directors requires the approval by Shareholders at general meetings and their terms of office shall commence on the date of their appointment. Each Director shall be eligible for re-election by Shareholders upon the end of the term. The third Board to be appointed at the EGM will consist of 11 Directors, including 6 executive Directors, 1 non-executive Director, and 4 independent non-executive Directors.

The major Shareholders of the Company have nominated Mr. Chen Jinghe, Mr. Liu Xiaochu, Mr. Luo Yingnan, Mr. Lan Fusheng, Mr. Huang Xiaodong, Mr. Zou Laichang and Mr. Ke Xiping as candidates for election as non-independent Directors (where Mr. Ke Xiping is proposed to be non-executive director and other candidates are proposed to be executive directors), and Mr. Su Congfu, Mr. Chen Yichuan, Mr. Lin Yongjing, and Mr. Loong Ping Kwan as candidates for election as independent non-executive Directors for the third term of office commencing on the date of the EGM and expire on 17 August 2009.

At the EGM, resolutions will be proposed to elect the Directors of the third term and to authorise the Board to determine the remuneration of the Directors for the third term.

A resolution will be proposed at the EGM to authorise the Board to enter into new service contract and/or appointment letter with each of the newly elected Directors commencing from the date of the EGM.

The biographical details of the candidates proposed to be elected as Directors at the EGM are set out in Appendix 1 to this circular.

4. ELECTION OF SUPERVISORS

The Supervisory Committee currently consists of 3 Supervisors, including 1 representative of staff and workers of the Company, namely, Ms. Lan Liying, and 2 representatives of shareholders, namely, Mr. Zeng Qingxiang and Mr. Xu Qiang.

LETTER FROM THE BOARD OF DIRECTORS

According to Article 109 of the Articles of Association, the term of office of each of the Supervisors is 3 years. Under the Articles of Association, the appointment of Supervisors requires the approval by Shareholders at general meetings and the term of office shall commence on the date of their appointment. Each Supervisor shall be eligible for re-election by Shareholders upon end of term.

The major Shareholders of the Company have nominated Mr. Zheng Jingxing, Mr. Xu Qiang, and Lin Jingtian as candidates of shareholders representative for election as Supervisors of the third term. The labour union of the Company has elected Ms. Lan Liying and Mr. Zhang Yuman as candidates for confirmation of workers and staff representatives of the third term. The third term of office shall commence on the date of the EGM and expire on 17 August 2009.

At the EGM, resolutions will be proposed to elect the Supervisors of the third term and to authorise the Board to determine the remuneration of the Supervisors for the third term.

A resolution will be proposed at the EGM to authorise the Board to enter into new service contract and/or appointment letter with each of the newly elected Supervisors commencing from the date of the EGM.

The biographical details of the candidates proposed to be elected as Supervisors at the EGM are set out in Appendix 1 to this circular.

5. EXTRAORDINARY GENERAL MEETING

The Board have resolved to convene an EGM to elect Directors and Supervisors to authorise the Board to enter into contracts and/or appointment letters to each of newly elected Directors and Supervisors, authorise the Board to determine the remuneration of each of newly elected Directors and Supervisors, and to approve the proposed amendments of the Articles of Association of the Company. Notice of the EGM is set out on pages 52 to 54 of this circular. Whether or not you are able to attend the EGM, you are requested to complete and return the enclosed form of proxy and ballot form in accordance with the instructions printed thereon to the office of secretary to the board at No.1 Zijin Road, Shanghang County, Fujian, the PRC (Fax: (86) 592 3969667) as soon as possible, and in any event not less than 24 hours prior to the commencement of the EGM. Completion and return of the form of proxy and the ballot form will not preclude you from attending and voting at the EGM should you so wish.

6. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Article 71 of the current Articles of Association of the Company, voting at the EGM shall be taken on a poll.

7. CUMULATIVE VOTING

When Directors or Supervisors representing shareholders are elected through cumulative voting at the EGM, the number of total votes that a shareholder can exercise is the product of (i) the number of shares held by such shareholder, and (ii) the number of Directors, or Supervisors representing

LETTER FROM THE BOARD OF DIRECTORS

shareholders to be elected. A shareholder can give all his or her votes to one candidate or divide his or her votes among several candidates. The Directors or Supervisors representing shareholders are elected by way of cumulative voting at the EGM based on the number of votes the candidates receive.

8. RECOMMENDATION

The Directors consider that the proposed election of Directors, the proposed election of Supervisors, and the proposed amendments to the Articles of Association are all in the best interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend you to vote in favour of all the relevant resolutions to be proposed at the EGM.

The Company will publish an announcement on the results of the EGM on the business day following the EGM with respect to whether or not the resolutions set out in this circular have been passed by the Shareholders.

9. MISCELLANEOUS

Should there be any discrepancy, the Chinese text of this circular shall prevail over its English text.

By order of the Board
Zijin Mining Group Co., Ltd.*
Chen Jinghe
Chairman

* *For identification purpose only*

APPENDIX 1

PARTICULARS OF DIRECTORS AND SUPERVISORS CANDIDATES TO BE ELECTED

Biographical details of the candidates proposed to be elected as Directors and Supervisors are set out as follows:

NON-INDEPENDENT DIRECTORS

Mr. Chen Jinghe, aged 49, professor grade senior engineer, specialist enjoying special allowance from Ministry of the State, a delegate to the Tenth People's Congress of Fujian province, the chairman of chairman group of China United Mining Association, the vice president of the Gold Association of China is currently the chairman and an executive director of the Company. He graduated from Fuzhou University with a bachelor's degree in geology in 1982, and gained an EMBA degree in Xiamen University. Mr. Chen held a post in Minxi Geology Division from January 1986 to December 1992. He was a key person in discovering and organizing the exploration of the Zijinshan Gold Mine. He was the chairman and general manager of the Company from August 1993 to August 2000. In August 2000, he was appointed as chairman of the Company. He masters mine exploration, evaluation, management and development planning and was a core leader of the Company in the development period. Mr. Chen gained a first class National Science & Technology Advancement Award, and some achievement awards in technology granted by the province, and some patents of National Invention.

Mr. Liu Xiaochu, aged 59, is currently the vice-chairman and an executive director of the Company. He graduated from Fuzhou University with a bachelor's degree in physics in 1982. He was the division head, deputy department head and department head of the Fujian Economic Reform Commission from December 1986 to December 1999. During this period, he participated the guide of the share reform to list enterprises in Fujian. Prior to joining the Company in August 2000, Mr. Liu was the director and vice-president of Xinhua Industrial from December 1999 to March 2002. Mr. Liu was appointed as the vice-chairman of the Company in August 2000. He masters the PRC Company Law and listing rules and had researches of the operations of the financial market. Mr. Liu is a supervisor of Hunan Nonferrous Metals Corporation Limited, a PRC company listed on the Hong Kong Stock Exchange since March 2006.

Mr. Luo Yingnan, aged 49, professor grade senior engineer, is currently an executive director and general manager of the Company. He graduated from Fuzhou University with a bachelor's degree in geology in 1982. Mr. Luo was the head of the Geological Unit of the Second Team of the Second Geological Prospecting Bureau under the Ministry of Metallurgy from 1982 to 1992. Prior to joining the Company in July 2000, Mr. Luo was the manager of Longyan Metallurgy Industry Company from 1998 to 2000. He is the chairman of Longyan Makeng Mining Company Limited since 1999. Mr. Luo was appointed as the general manager of the Company in August 2000. He is experienced in geological survey, evaluation of mine, and operation of mine.

Mr. Lan Fusheng, aged 42, senior engineer, is currently an executive director and deputy general manager (General Affairs) of the Company. He graduated from Fuzhou University with a bachelor's degree in geology in 1984 and obtained a master's degree in business administration from La Trobe

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University in 2000. He was the manager of Shanghang County Xinhui Jewellery Company from 1992 to 1994. He joined the Company in 1994. Mr. Lan was appointed as an executive director and a deputy general manager of the Company in August 2000. Mr. Lan has been in charge of the Company's investment for many years and he is experienced in mining project evaluation.

Mr. Huang Xiaodong, aged 51, currently chief economist of the Company and a proposed new executive director of the Company, graduated from the Industrial University of Hefei in computer specialization in 1980, and graduated from Xiamen University with an EMBA degree. Mr. Huang was engineer of Fujian Computer Technology Research, and vice director, and director of Fujian Science Technology Committee. Mr. Huang was the assistant to general manager and general manager of the management department of Fujian Enterprises (Holdings) Company Limited from 1995 to 2001. He was the deputy general manager of Fujian Chinalco Ruimin Company Limited from 2002 to 2004. Mr. Huang was appointed as the Company's chief economist in February 2005. He has good ability and is experienced in enterprise management and international operations.

Mr. Zou Laichang, aged 38, currently chief engineer of the Company and a proposed new executive director of the Company, senior engineer, graduated from Forest University of Fujian with a bachelor's degree in chemistry in 1990 and gained an MBA degree. Mr. Zou was the head of production division of Shanghang County Forestry and Chemical Factory from August 1990 to March 1996. He joined the Company in March 1996 as the deputy director of gold refinery factory, the deputy chief engineering of the Company and the deputy head of the Institute of Mining and Refining Design and Research. Mr. Zou was appointed as the chief engineer of the Company in May 2003. He is proposed as a new executive director of the Company. He is good at hydrometallurgy and a major contributor in many technology achievement awards granted by the province.

Mr. Ke Xiping, aged 46, is currently a non-executive director of the Company. He graduated from Wubei Economic Management College and specialized in business and administration in 1999. Mr. Ke is chairman of the General Chamber of Commerce of Huli District, Xiamen City, a delegate to the 12th People's Congress for Xiamen City and a member of the People's Political Consultative Committee of Quanzhou City. He is one of the promoters and the chairman of Xiamen Hengxing. Mr. Ke was appointed as a non-executive director of the Company in August 2000.

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INTERESTS AND SHORT POSITION OF DIRECTORS AND CHIEF EXECUTIVE IN THE ISSUED SHARES OF THE COMPANY

(1) As at 30 June 2006, Shareholding in the Company held by Directors:

Director	Number of Domestic Shares/amount of Equity interest held	Nature of Interest	Long/short positions	Proximate percentage of shareholding in such class of securities	Proximate percentage of shareholding in the registered capital
Ke Xiping	912,000,000 <i>(Note 1)</i>	Company	Long	12.48%	8.67%
Chen Jinghe	60,000,000 <i>(Note 2)</i>	Personal	Long	0.82%	0.57%

(2) As at 30 June 2006, shareholding in the Company's subsidiaries or associated corporation held by Directors:

Directors/ Supervisors/ Chief Executive	Name of subsidiaries	Amount of equity interests held	Nature of interests	Long/ short positions	Proximate percentage of shareholding in the registered capital
Chen Jinghe	Jinghe Zijin	50,000 <i>(Note 3)</i>	Personal	Long	0.13%
Chen Jinghe	Guizhou Zijin	1,404,000 <i>(Note 4)</i>	Company	Long	2.34%
Liu Xiaochu	Jiuzhaigou Zijin	50,000 <i>(Note 3)</i>	Personal	Long	0.13%
Luo Yingnan	Jiuzhaigou Zijin	50,000 <i>(Note 3)</i>	Personal	Long	0.13%
Lan Fusheng	Jiuzhaigou Zijin	50,000 <i>(Note 3)</i>	Personal	Long	0.13%
Rao Yimin	Jiuzhaigou Zijin	50,000 <i>(Note 3)</i>	Personal	Long	0.13%

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Notes:

- (1) Xiamen Hengxing Industrial Co., Ltd. holds 380,000,000 Domestic Shares in the Company, and holds 49% shareholding in Fujian Xinhua Engineering Company Limited (which is holding 532,000,000 Domestic Shares in the Company). Under Section 316 of the SFO, Xiamen Hengxing Industrial Co., Ltd. is therefore interested in 912,000,000 Domestic Shares in the Company. Mr. Ke Xiping owns 73.21% interest in Xiamen Hengxing Industrial Co., Ltd.. Under Section 316 of the SFO, Mr. Ke Xiping is regarded as being interested in such shares.
- (2) On 12 July 2004, Fujian Xinhua Department Store Company Limited and Shanghang County Jinshan Trading Company Limited, the shareholders of Company, agreed to transfer 4,000,000 Domestic Shares and 6,000,000 Domestic Shares they held, to Mr. Chen Jinghe (a Director) respectively. The above share transfer has already been registered with the Domestic Share Trust, and filed with the Stock Exchange. (In June 2005, the Company issued bonus shares at a proportion of 1 to 1. Upon the share increment, Mr. Chen Jinghe was holding 20,000,000 Shares in the Company). On 4 January 2006, Shanghang Jinshan Trading Company Limited, a shareholder of the Company entered into an agreement for the transfer of 10,000,000 shares Domestic Shares it held to Mr. Chen Jinghe, the Chairman. The relevant share transfer has been registered with the Domestic Shares Trust and also filed with the Stock Exchange. Mr. Chen Jinghe personally holds the above 10,000,000 Domestic Shares. (In June 2006, the Company issued bonus shares at a proportion of 1 to 1. Upon the share increment, Mr. Chen Jinghe was holding 60,000,000 Shares in the Company).
- (3) The Committee of Labour Union of the Company owns 15% of the total registered capital of Jiuzhaigou Zijin on behalf of approximately 830 members. Among which, it holds an equity interest of RMB50,000 as an agent for and on behalf of each of Mr. Chen Jinghe, Mr. Liu Xiaochu, Mr. Luo Yingnan, Mr. Lan Fusheng, Mr. Rao Yimin and Mr. Zeng Qingxiang.
- (4) On 15 March 2006, Xiamen Hengxing Mining Company Limited, a shareholder of Guizhou Zijin Mining Company Limited (being a subsidiary of the Company) transferred 1,404,000 shares it held in Guizhou Zijin to Xiamen Jinhua Technology Consultant Company Limited is held as to 34% by Mr. Chen Jinghe, a Director, and as to 32.7% by his wife Mrs. Lai Jinlian. Mr. Chen Jinghe is accordingly deemed as being interested in such shares under Rule 316 of the SFO. The relevant share transfer has been registered with the Domestic Shares Trust, and also filed with the Stock Exchange.

Save as disclosed herein above, each of Mr. Chen Jinghe, Mr. Liu Xiaochu, Mr. Luo Yingnan, Mr. Lan Fusheng, Mr. Ke Xiping, Mr. Huang Xiaodon and Mr. Zou Laichang (collectively, the “Directors Candidates”) does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance as at the date hereof. Save as disclosed above, there were no relationships between the above candidates themselves or between the above candidates and the senior management, substantial shareholders or controlling shareholders of the Company.

The non-independent Directors Candidates, once elected at the EGM, will enter into a service contract or appointment letter with the Company for a term of three years commencing on the date of the EGM and expiring on 17 August 2009. The remuneration of the Directors Candidates will be determined by the Board in accordance with the terms and conditions of the said service contract and appointment letters having regard to their duties and responsibilities with the Company, the Company’s remuneration policy, the Company’s performance and profitability. For the year ended 31 December 2005, Mr. Chen Jinghe, Mr. Liu Xiaochu, Mr. Luo Yingnan, Mr. Lan Fusheng, Mr. Ke Xiping and Mr. Rao Yimin received an annual salary of RMB3,934,000, RMB1,346,000, RMB3,238,000, RMB1,195,000, RMB100,000 and RMB1,140,000 respectively. Further announcement will be issued once their new remuneration is determined.

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INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Loong Ping Kwan, aged 42 and currently an independent non-executive director of the Company, is a practicing solicitor admitted in Hong Kong and England and Wales. Mr. Loong graduated from the University of Hong Kong with a bachelor's degree in Arts and is a founder of Messrs. Loong & Yeung, a firm of solicitors in Hong Kong. Mr. Loong is an associate member of the Hong Kong Institute of Bankers. Mr. Loong was appointed as an independent non-executive director of the Company in August 2003.

Mr. Chen Yichuan, aged 72, is the proposed new independent non-executive director of the Company. He is also a researcher, tutor of doctorate students, academician of Chinese Academic of Engineering. He graduated from Donetsk Polytechnic University of the former Soviet Union in geological survey in 1959. he was former chief engineer in Ministry of Geology & Mineral Resources and the head of China Geology Science Institute. He is currently the director of Science & Technology Committee of Geology Science, vice director-general of the Geology Council, director of Ore Deposits Geology Special Council, vice president of International Association on the Genesis of Ore Deposits, member of Subject Evaluation Group of Academic Degree Committee in State Council, part-time professor of the Beijing University and Nanjing University, Committee Member of the 9th Chinese People's Political Consultative Conference. He has been participating in studies and researches of ore deposits geology, geochemistry, the regional metallogenic regularities and prediction. He is a famous specialist in geology & mineral system in the world.

Mr. Lin Yongjing, aged 63, is the proposed new independent non-executive director of the Company, he is also a senior accountant, registered certified public accountants ("CPA"), registered appraiser, he graduated from Xiamen University in accounting specialization. He was formerly the director and director accountant of Fujian Huaxing Certified Public Accountants. He was the head of Fujian Appraisal Centre, the director of Fujian State-owned Property Bureau, vice chief-officer of Fujian Provincial Financial Bureau, Committee Member of the 7th Provincial People's Political Consultative Conference. He currently is the president of Fujian Provincial State-owned Property Management Committee, special-invited expert of Chinese State-owned Property Management Expert Committee, senior member of China Appraisal Society, special-invited professor of Fujian Economics & Management College and part time professor of Jiangxi University of Finance & Economics. In June 2005, he was appointed as independent director of Fujian Sanmu Group Company Limited (A Share Company), and in October 2005, he was appointed as independent director of Fujian Mindong Power Company Limited (A Share Company). He is an expert in finance, audit and asset management.

Mr. Su Congfu, aged 60, is the proposed new independent non-executive director of the Company, he is also a professor grade senior engineering, former deputy director of Anhui Metallurgy Department, assistant inspector of Bureau of Work Safety in Anhui. Mr. Su graduated from Beijing Steel Institute in mining specialisation in 1964. He was the mine chief of Anqing Copper Mine, and assistant to general manager of Tongling Non-ferrous Metal Group Company. He dedicated to mining & processing, refining, producing and managing in industries of steel, non-ferrous metal and gold, and he has practical experience and ability in management and organization.

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Each of the above independent non-executive Directors candidates does not have any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance as at the date hereof. There were no relationships between the above candidates themselves or between the above candidates and the senior management, substantial shareholders or controlling shareholders of the Company.

The above independent non-executive Directors candidates, once elected at the EGM, will enter into a service contract or appointment letter with the Company for a term of three years commencing on the date of the EGM and expiring on 17 August 2009. For the year ended 31 December 2005, Mr. Yang Dali, Mr. Yao Lizhong and Mr. Loong Ping Kwan received an annual salary of RMB150,000, RMB150,000, and RMB150,000 respectively. The remuneration of the Directors Candidates will be determined by the Board in accordance with the terms and conditions of the said service contract and appointment letters having regard to their duties and responsibilities with the Company, the Company's remuneration policy, the Company's performance and profitability.

SUPERVISORS REPRESENTING THE SHAREHOLDER

Mr. Zheng Jingxing, aged 43, is the proposed new supervisor of the Company, he is tertiary educated, accountant, and a delegate to the first and second People's Congress for Longyan City. He worked with Wuping Finance Bureau in 1983. In 1988 he was appointed as vice director and director of Shanghang Finance Bureau. In May 2002, he was appointed as vice head of Shanghang County and resigned now.

Mr. Xu Qiang, aged 55, currently a supervisor of the Company and a senior accountant, registered CPA, registered valuer and a chief accountant of Fujian Huamou Limited Liability Accountants' Firm. He graduated from Fujian Provincial Party College in 1990. He was the deputy director of Fujian Huaxing Accountants' Firm from 1994 to 1999, and the director of Fujian Asset Valuation Centre from 1999 to 2001. Mr. Xu was appointed as a supervisor of the Company in August 2000. He is experienced in finance and audit.

Mr. Lin Jingtian, aged 61, is the proposed new supervisor of the Company. He is vice party secretary and secretary of the disciplinary board of the Communist Party of China of the Company. He graduated from CPLA Logistical College in military commanding in August 1981. He was the division chief of the combat service division of the Army 29th Corps, director and committee member of the logistics of Army 12th Division, party secretary of the logistic division of the committee of the party. After transferred to the civilian work, he was the committee member of the Shanghang County Communist Party, the director of Shanghang County Armed Forces Department, the party secretary and the director of the Committee of the People's Congress of Shanghang County. He has good experience and ability in administration.

SUPERVISORS REPRESENTING THE STAFF AND WORKERS

Ms. Lan Liying, aged 41, currently a supervisor representing worker and staff of the Company. She is a registered CPA and the head of Audit Department of the Company. Ms. Lan was the head of the financial division of Shanghang County Jiannan Cotton Spinning Factory from 1985 to 1994 and the deputy manager of the financial department of the Company from 1995 to 1999. Ms. Lan was appointed as a supervisor of the Company in August 2000. She masters in finance and audit.

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Zhang Yumin, aged 55, is the proposed new supervisor representing worker and staff of the Company. He is an accountant, vice head of the Audit Department of the Company. He was financial officer and assistant Factory Manager of Fujian Shunchang Yuankeng Cement Plant, manager of the financial department of Xinhua Hotel. He joined the Company as the assistant finance manager and assets officer since 2000. He was vice head of the audit department since February 2004. He has good experience and knowledge in finance and audit.

INTERESTS AND SHORT POSITION OF SUPERVISORS IN THE ISSUED SHARES OF THE COMPANY

As at 30 June 2006, shareholding in the Company's subsidiaries held by Supervisors:

Directors/ Supervisors/ Chief Executive	Name of subsidiaries	Amount of equity interests held	Nature of interests	Long/short positions	Proximate percentage of shareholding in the registered capital
Zeng Qingxiang	Jiuzhaigou Zijin	50,000 (Note 1)	Personal	Long	0.13%
Lan Liying	Jiuzhaigou Zijin	25,000 (Note 2)	Personal	Long	0.06%

Notes:

- (1) The Committee of Labour Union of the Company owns 15% of the total registered capital of Jiuzhaigou Zijin on behalf of approximately 830 members. Among which, it holds an equity interest of RMB50,000 as an agent for and on behalf of each of Mr. Chen Jinghe, Mr. Liu Xiaochu, Mr. Luo Yingnan, Mr. Lan Fusheng, Mr. Rao Yimin and Mr. Zeng Qingxiang.
- (2) The Committee of Labour Union of the Company owns 15% of the total registered capital of Jiuzhaigou Zijin on behalf of approximately 830 members. Among which, it holds an equity interest of RMB25,000 as an agent for and on behalf of Ms. Lan Liying.

Save as disclosed above, none of Mr. Zheng Jingxing, Mr. Xu Qiang, Mr. Lin Jingtian, Ms. Lan Liying and Zhang Yumin (collectively, the "Supervisor Candidates") has any interest in the shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance. Save as disclosed above, there were no relationship between the Supervisor Candidates themselves or between the Supervisor Candidates and senior management, substantial shareholders or controlling shareholders of the Company.

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The Supervisor Candidates, once elected at the EGM, will enter into a service contract or appointment letter with the Company for a term of three years commencing on the date of the EGM and expire on 17 August 2009. The remuneration of the Supervisor Candidates will be determined by the Board in accordance with the terms and conditions of the said service contract or appointment letter having regard to their duties and responsibilities with the Company, the Company's remuneration policy, the Company's performance and profitability. For the year ended 31 December 2005, each of Mr. Zeng Qingxiang, Ms. Lan Liying and Mr. Xu Qiang received annual salary of RMB872,432, RMB120,000, and RMB72,000. Further announcement will be issued once their remuneration is determined.

POSITIONS HELD BY THE PROPOSED DIRECTORS AND SUPERVISORS CANDIDATES IN THE SUBSIDIARIES OF THE GROUP AS AT THE DATE HEREOF

Name	Company Name	Position
Mr. Chen Jinghe	Xiamen Zijin High-Tech Co., Ltd.	Chairman
Mr. Chen Jinghe	Fujian Zijin Copper Co., Ltd.	Chairman
Mr. Chen Jinghe	Gold Mountains (HK) International Mining Co., Ltd.	Chairman
Mr. Chen Jinghe	Bayannaer Zijin non-ferrous metals Co., Ltd.	Chairman
Mr. Liu Xiaochu	Xiamen Zijin High-Tech Co., Ltd.	Director
Mr. Liu Xiaochu	Fujian Zijin Investment Co., Ltd.	Director
Mr. Liu Xiaochu	Gold Mountains (HK) International Mining Co., Ltd.	Supervisor
Mr. Liu Xiaochu	Xinjiang Ashele Copper Co., Ltd.	Director
Mr. Luo Yingnan	Gudong Xinyi Dongkeng Gold Co., Ltd.	Chairman
Mr. Luo Yingnan	Gudong Baoyan Mining Co., Ltd.	Chairman
Mr. Luo Yingnan	Fujian Zijin Investment Co., Ltd.	Director
Mr. Lan Fusheng	Zijin International Co., Ltd.	Director
Mr. Lan Fusheng	Gold Mountains (HK) International Mining Co., Ltd.	Director
Mr. Lan Fusheng	Super Winner Overseas Limited	Director
Mr. Lan Fusheng	Gold Enhance International Ltd.	Director
Mr. Lan Fusheng	Best Ground Group Ltd.	Director
Mr. Ke Xiping	Xiamen Zijin High-Tech Co., Ltd.	Director
Mr. Zou Laichang	Hunchun Zijin Mining Co., Ltd.	Director
Mr. Zou Laichang	Fujian Zijin Investment Co., Ltd.	Director
Mr. Zou Laichang	Fujian Shanghang County Jinshan Construction Engineering Co., Ltd.	Director
Mr. Zou Laichang	Xiamen Zijin High-tech Co., Ltd.	Director
Mr. Huang Xiaodong	Fujian Zijin Copper Co., Ltd.	Director
Mr. Lin Jiangtian	Fujian Zijin Investment Co., Ltd.	Director
Mr. Lin Jiangtian	Shanghang County Ganlong Railroad Construction Development Co., Ltd.	Director
Ms. Lan Liying	Xiamen Zijin High-Tech Co., Ltd.	Chairman of Supervisory Committee

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Name	Company Name	Position
Ms. Lan Liying	Fujian Zijin Investment Co., Ltd.	Supervisor
Ms. Lan Liying	Shanghang Ganlong Railroad Development Construction Co., Ltd.	Supervisor
Ms. Lan Liying	Xiamen Zijin Design Engineering Co., Ltd.	Chairman of Supervisory Committee
Ms. Lan Liying	Shanghang County Jinshan Construction Co., Ltd.	Supervisor
Ms. Lan Liying	Fujian Zijin Copper Co., Ltd.	Supervisor
Ms. Lan Liying	Guangdong Xinyi Dongkeng Gold Co., Ltd.	Supervisor
Ms. Lan Liying	Guangdong Baoyuan Mining Co., Ltd.	Supervisor
Ms. Lan Liying	Henan Jinda Mining Co., Ltd.	Supervisor
Ms. Lan Liying	Yunnan Huaxi Mineral Resource Co., Ltd.	Supervisor
Mr. Zhang Yumin	Yunnan Longxing Mining Co., Ltd.	Chairman of Supervisory Committee
Mr. Zhang Yumin	Zijin International Mining Co., Ltd.	Supervisor
Mr. Zhang Yumin	Hunchun Zijin Mining Co., Ltd.	Supervisor
Mr. Zhang Yumin	Guizhou Zijin Mining Co., Ltd.	Supervisor
Mr. Zhang Yumin	Sichuan Jiuzhaigou Mining Co., Ltd.	Supervisor
Mr. Zhang Yumin	Anhui Tongling Zijin Mining Co., Ltd.	Supervisor
Mr. Zhang Yumin	Guangdong Xinyi Dongkeng Gold Co., Ltd.	Supervisor
Mr. Zhang Yumin	Guangdong Xinyi Baoyuan Mining Co., Ltd.	Supervisor
Mr. Zhang Yumin	Sichuan Ganzi Zijin Co., Ltd.	Supervisor

Save as disclosed above, none of the Directors, Supervisors, and the chief executive or their associates has any interest in the securities of the Company or its associated company (as defined in the SFO) as at the date hereof. None of the Directors, Supervisors and chief executive or their spouse or children under the age of 18 years is holding any option to subscribe securities of the Company, or has exercised any such option.

Save as disclosed above, no arrangement has been entered into between the Company or its holding company or its subsidiaries, which will allow the Directors, Supervisors or chief executive of the Company to be benefited by acquiring the shares or debentures of the Company or other body corporate.

Save as disclosed above, there are no other matters relating to the candidates for the election of Directors and Supervisors, that need to be brought to the attention of the Shareholders and there is no other information relating to the candidates for Directors and Supervisors which required to be disclosed pursuant to any of the requirements of rules 13.51(2) of the Listing Rules.

APPENDIX 2

To Shareholders:

In accordance with the Company Law of the PRC which came into effect on 1 January 2006, the Guidelines for Articles of Association of Listed Companies promulgated by the China Securities Regulatory Commission (revised in 2006), and the Code on Corporate Governance Practices as set out in Appendix 14 of the Listing Rules, and the current situation of the Company, the Company proposed the following resolution to amend the Articles of Association as follows for our Shareholders to consider and approve:

1. Existing Article 1 Paragraph 2

The establishment of the Company has been approved by the People's Government of Fujian Province under document Min Zheng Ti Gu [2000] No.22. The Company was established by way of promotion on 17 August 2000 and was registered on 6 September 2000 with the Fujian Administrative Bureau for Industry and Commerce and the business licence thereof has been obtained. The Company's business licence number is 3500001002192. In 2003 Annual General Meeting, the shareholders approved the Company's name changed to Zijin Mining Group Co., Ltd.

It is proposed to be amended as follows:

The establishment of the Company has been approved by the People's Government of Fujian Province under document Min Zheng Ti Gu [2000] No.22. The Company was established by way of promotion on 17 August 2000 and was registered on 6 September 2000 with the Fujian Administrative Bureau for Industry and Commerce and the business licence thereof has been obtained. The Company's business licence number is 3500001002192. As approved by the China Securities Regulatory Committee on 18 November 2003, in the period from 16 December 2003 to 22 December 2003, the Company firstly issued to overseas investors 400,544,000 H shares which was subsequently listed on the main board of The Stock Exchange of Hong Kong Limited on 23 December 2003. In 2003 Annual General Meeting, the shareholders approved the Company's name changed to Zijin Mining Group Co., Ltd.

2. Existing Article 20

The Company may, based on its operation and business requirements, approve the increase in its share capital in accordance with the relevant provisions of the Articles.

The manners in which the capital of the Company may be increased are as follows:

- (1) offering new shares to non-specific investors;
- (2) offering new shares to existing shareholders;
- (3) bonus issue of shares to existing shareholders; and
- (4) other methods permitted by laws and administrative regulations.

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Where the Company proposes to increase its capital by issuing new shares, it shall seek approval pursuant to the provisions of the Articles, and then implement the same in accordance with the procedures prescribed by relevant PRC laws and administrative regulations.

It is proposed to be amended as follows:

The Company may, based on its operation and business requirements, approve the increase in its share capital in accordance with the relevant provisions of the Articles.

The manners in which the capital of the Company may be increased are as follows:

- (1) issue shares publicly;
- (2) issue shares privately;
- (3) allot bonus shares to existing shareholders;
- (4) convert capital reserve to share capital; and
- (5) any other methods permitted under China Securities Regulatory Committee, PRC laws and administrative regulations.

Where the Company proposes to increase its capital by issuing new shares, it shall seek approval pursuant to the provisions of the Articles, and then implement the same in accordance with the procedures prescribed by relevant PRC laws and administrative regulations.

3. Existing Article 24

When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days from the date of the resolution approving the reduction of its registered capital, and shall make a public announcement in newspapers at least 3 times within 30 days thereof. Creditors shall, within 30 days of receipt of a written notice or, if such notice has not been received, within 90 days from the date of the first public announcement, have a right to demand the Company to repay its debts in full or to provide corresponding security in respect of the debts.

The registered capital of the Company following the reduction of registered capital shall not be less than the minimum statutory requirement.

It is proposed to be amended as follows:

When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets.

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The Company shall notify its creditors within 10 days from the date of the passing of the resolution in approving the reduction of its registered capital, and shall issue a public announcement in the newspapers within 30 days thereof. Creditors shall, within 30 days of the receipt of the written notice or, if such notice has not been received, within 45 days from the date of the first public announcement, have a right to demand the Company to repay its debts in full or to provide corresponding security in respect of the debts.

The registered capital of the Company following the reduction of registered capital shall not be less than the minimum statutory requirement.

4. Existing Article 25

In the following circumstances, the Company may purchase its own issued shares subject to a resolution passed in accordance with the procedures provided in these Articles and with the approval of the relevant PRC regulatory authorities:

- (1) to cancel shares for the purposes of reducing its share capital;
- (2) to merge with another company which holds the Company's shares; or
- (3) other circumstances permitted by laws and administrative regulations.

It is proposed to be amended as follows:

In the following circumstances, the Company may purchase its own issued shares subject to the procedures provided in these Articles and the requirements of law, administrative regulations, departmental regulations:

- (1) to reduce its registered share capital;
- (2) to merge with another company which holds the Company's shares;
- (3) to grant shares to the Company's employees as encouragement;
- (4) for shareholders who object to the merger or division of the Company as approved in the general meeting to request the Company to repurchase their shares;

In other circumstances, Company is not allowed to purchase its own shares.

5. Existing Article 28

Shares which have been lawfully repurchased by the Company shall be cancelled within the period prescribed by laws or administrative regulations and an application shall be made to the original companies' registration authority for registration of alteration of its registered capital.

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The amount of the Company's registered capital shall be reduced by the aggregate nominal value of the shares cancelled.

It is proposed to be amended as follows:

The Company shall obtain the approval of the shareholders in a general meeting for repurchases of its shares for the purposes set out in sub-clauses (1) to (3) of Article 25. In case of (1), the shares shall be cancelled within 10 days from the date of the repurchase. In the case of (2) or (4), the shares repurchased shall be transferred or cancelled within 6 months. The shares to be repurchased by the Company in accordance with sub-clause (3) of Article 25 shall not exceed 5% of the Company's total issued capital. The fund used for repurchase shall be made out from the Company's after-tax profit. All the repurchased shares shall be transferred to the employees within 1 year.

6. Existing Article 45 Paragraph 2

A holder of domestic shares who has lost his share certificate and applies for a replacement certificate to be issued shall comply with the provisions of Article 150 of the Company Law.

It is proposed to be amended as follows:

A holder of domestic shares who has lost his share certificate and applies for a replacement certificate to be issued shall comply with the provisions of Article 144 of the Company Law.

7. Existing Article 49

The holders of ordinary shares of the Company shall enjoy the following rights:

- (1) to receive dividends and other profit distributions in proportion to the number of shares held by them;
- (2) to attend and vote in person or appoint a proxy to attend and vote on his behalf at shareholders' meetings;
- (3) to supervise and to put forward proposals and make enquiries relating to the business operations of the Company;
- (4) to transfer, bequeath and pledge their shares in accordance with relevant laws, administrative regulations and these Articles;
- (5) to receive relevant information in accordance with these Articles, including:
 - (a) the right to a copy of these Articles upon payment of the cost thereof;

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- (b) the right to inspect and receive copies of the following upon payment of reasonable charges:
 - (i) all parts of the register of shareholders;
 - (ii) the following personal particulars of each of the directors, supervisors, managers and other senior management staff of the Company:
 - (a) his present and former name and aliases;
 - (b) his principal address (residence);
 - (c) his nationality;
 - (d) his primary and all other part-time occupations and duties; and
 - (e) his identification documents and the numbers thereof;
 - (iii) the state of the Company's share capital;
 - (iv) a report showing the aggregate nominal value, quantity, highest and lowest price paid by the Company in respect of each class of shares repurchased by the Company since the last financial year, and the aggregate amount paid by the Company for this purpose;
 - (v) minutes of general meetings.
- (6) in the event of dissolution or liquidation of the Company, to participate in the distribution of remaining assets of the Company according to the number of shares held by them;
- (7) other rights conferred by laws, administrative regulations and these Articles.

It is proposed to be amended as follows:

The holders of ordinary shares of the Company shall enjoy the following rights:

- (1) to receive dividends and other profit distributions in proportion to the number of shares held by them;
- (2) to request, convene, chair, attend and vote in person or appoint a proxy to attend and vote on his behalf at shareholders' meetings;
- (3) to supervise and to put forward proposals and make enquiries relating to the business operations of the Company;

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- (4) to transfer, bequeath and pledge their shares in accordance with relevant laws, administrative regulations and these Articles;
- (5) to receive relevant information in accordance with these Articles, including:
 - (a) the right to a copy of these Articles upon payment of the cost thereof;
 - (b) the right to inspect and receive copies of the following upon payment of reasonable charges:
 - (i) all parts of the register of shareholders;
 - (ii) the following personal particulars of each of the directors, supervisors, president, managers and other senior management staff of the Company:
 - (a) his present and former name and aliases;
 - (b) his principal address (residence);
 - (c) his nationality;
 - (d) his primary and all other part-time occupations and duties; and
 - (e) his identification documents and the numbers thereof;
 - (iii) the state of the Company's share capital;
 - (iv) a report showing the aggregate nominal value, quantity, highest and lowest price paid by the Company in respect of each class of shares repurchased by the Company since the last financial year, and the aggregate amount paid by the Company for this purpose;
 - (v) minutes of general meetings, minutes of the meetings of the board of directors and minutes of the meetings of the supervisors, and financial accounting reports.
- (6) in the event of dissolution or liquidation of the Company, to participate in the distribution of remaining assets of the Company according to the number of shares held by them;
- (7) for shareholders who object to the merger or division of the Company as approved in the general meeting, may request the Company to repurchase their shares; and
- (8) other rights conferred by laws, administrative regulations and these Articles.

8. Existing Article 50

Holders of ordinary shares of the Company shall have the following obligations:

- (1) to abide by these Articles;
- (2) to pay subscription moneys according to the number of shares subscribed and the method of subscription;
- (3) other obligations imposed by laws, administrative regulations and these Articles.

A shareholder shall not be liable to make further contribution to the subsequent increase in share capital other than the terms as agreed by the subscriber of the relevant shares on subscription.

Any shareholder who owns 5% or more of the voting rights of the Company must report to the Company in writing with respect to any pledge of the shares in the Company held by him within three working days after the creation of the pledge.

It is proposed to be amended as follows:

Holders of ordinary shares of the Company shall have the following obligations:

- (1) to abide by these Articles, laws and administrative regulations;
- (2) to pay subscription moneys according to the number of shares subscribed and the method of subscription;
- (3) not to dispose of its shares, save and except in circumstances provided by laws and administrative regulations;
- (4) not to abuse the shareholders' rights to harm the benefits of the Company or other shareholders'; not to abuse the independent status of the Company's legal person and the limited liability of the shareholders so as to damage the interest of the Company's creditors;

If shareholders of Company, by abusing the shareholders' right cause losses to the Company or other shareholders, such shareholders shall be liable for damages in accordance with the law;

If the shareholders of Company by abusing the independent status of the Company's legal person and the limited liability of the shareholders, evades debts and seriously prejudice the interest of the Company's creditors, such shareholders are jointly and severally liable for the debt of the Company; and

- (5) other obligations imposed by laws, administrative regulations and these Articles.

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A shareholder shall not be liable to make further contribution to the subsequent increase in share capital other than the terms as agreed by the subscriber of the relevant shares on subscription.

Any shareholder who owns 5% or more of the voting rights of the Company must report to the Company in writing with respect to any pledge of the shares in the Company held by him on the same day of the creation of the pledge.

9. Existing Article 51

In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of the shareholders generally or of some of the shareholders of the Company:

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any guise, including (but not limited to) opportunities which are beneficial to the Company; and
- (3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights, save and except where it was done pursuant to a restructuring submitted to and approved by the shareholders' general meeting in accordance with these Articles.

It is proposed to be amended as follows:

In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of the shareholders generally or of some of the shareholders of the Company:

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any guise, including (but not limited to) opportunities which are beneficial to the Company; and
- (3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights, save and except where it was done pursuant to a restructuring submitted to and approved by the shareholders' general meeting in accordance with these Articles.

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The controlling shareholder of the Company should not use its connected relationship to damage the Company's interest. The controlling shareholder should be liable if the controlling shareholder violates this rule and causes damage. The controlling shareholder should have a fidelity duty to the other shareholders and the Company. The Controlling shareholder should strictly follow the law to enforce its rights as a shareholder, and should not damage the Company's and the other shareholders' lawful rights in profit distribution, restructure of assets, external investments, illegal use of the capital, and loan and guarantee. The controlling shareholder should not use its position to infringe the interest of the Company and the other shareholders.

10. Existing Article 54

The shareholders' general meeting shall exercise the following functions and powers:

- (1) to decide on the business policies and investment plans of the Company;
- (2) to elect and replace directors and to decide on their remuneration;
- (3) to elect and replace supervisors who are representatives of the shareholders and to decide on their remuneration;
- (4) to consider and approve reports of the board of directors;
- (5) to consider and approve reports of the supervisory committee;
- (6) to consider and approve the annual financial budget and final accounts of the Company;
- (7) to consider and approve the profit distribution plan and the plan for making up accrued losses of the Company;
- (8) to resolve on the increase or reduction of the Company's registered capital;
- (9) to resolve on matters such as merger, division, dissolution and liquidation of the Company;
- (10) to resolve on the issuance of bonds by the Company;
- (11) to resolve on the Company's appointment, removal or non re-appointment of a firm of accountants;
- (12) to amend these Articles;
- (13) to consider any proposals made by shareholders representing 5 per cent. or more of the shares carrying voting rights;
- (14) any other matters which are required by laws, administrative regulations and these Articles to be resolved by the shareholders' general meeting.

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The shareholders' general meeting may authorize or entrust the board of directors to deal with matters so authorized or entrusted.

It is proposed to be amended as follows:

The shareholders' general meeting shall exercise the following functions and powers:

- (1) to decide on the business policies and investment plans of the Company;
- (2) to elect and replace directors or supervisors, who are not employees' representatives, and to determine their remuneration;
- (3) to consider and approve reports of the board of directors;
- (4) to consider and approve reports of the supervisory committee;
- (5) to consider and approve the annual financial budget and final accounts of the Company;
- (6) to consider and approve the profit distribution plan and the plan for making up accrued losses of the Company;
- (7) to resolve on the increase or reduction of the Company's registered capital;
- (8) to resolve on the issuance of bonds by the Company;
- (9) to resolve on matters such as merger, division, dissolution and liquidation or change in nature of the Company;
- (10) to resolve on the Company's appointment, removal or non re-appointment of a firm of accountants;
- (11) to amend these Articles;
- (12) to consider and approve matters in relation to guarantee as stipulated in Article 55;
- (13) to approve acquisition or disposal of substantial assets within one year and which exceed 30% of the latest audited total assets of the Company;
- (14) to consider and approve the change of the use of proceeds from fund raising;
- (15) to consider the adoption of share incentive scheme;
- (16) to consider any resolution proposed by shareholders representing 3% or more of the shares carrying voting rights of the Company;

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- (17) any other matters which are required by laws, administrative regulations and these Articles to be resolved by the shareholders' general meeting.

11. It is proposed to add a new Article 55

The Company shall obtain shareholders' approval for the following external guarantee provided by the Company:

- (1) any guarantee for any amount greater than the aggregate amount of external guarantee, which is equal to or exceed 50% of the latest audited total assets, provided by the Company and its controlling subsidiaries;
- (2) any guarantee for any amount greater than the aggregate amount of external guarantee, which is equal to or exceed 30% of the latest audited total assets provided by the Company;
- (3) provision of guarantee for any security which has a gearing ratio for more than 70%;
- (4) provision of guarantee for any single transaction for an amount greater than 10% of the latest audited total assets; and
- (5) provision of guarantee for shareholder, beneficial shareholder or its connected parties.

12. Existing Article 56

Shareholders' general meetings can be annual general meetings or extraordinary general meetings. Shareholders' general meetings shall be convened by the board of directors. Annual general meetings shall be held once every year, and shall take place within six months of the end of the previous fiscal year.

The board of directors shall convene an extraordinary general meeting within two months of the occurrence of any one of the following events:

- (1) where the number of directors falls short of the number stipulated in the Company Law or is below two-thirds of the number required by these Articles;
- (2) where the accrued losses of the Company amount to one-third of its total share capital;
- (3) where shareholders holding 10 per cent. or more of the Company's issued shares carrying voting rights make a request in writing to convene an extraordinary general meeting;
- (4) where the board of directors considers it necessary or where the supervisory committee proposes to convene such a meeting.

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It is proposed that the existing Article 56 be re-numbered as Article 57 as follows:

Shareholders' general meetings can be annual general meetings or extraordinary general meetings. Shareholders' general meetings shall be convened by the board of directors. Annual general meetings shall be held once every year, and shall take place within six months of the end of the previous fiscal year.

The board of directors shall convene an extraordinary general meeting within two months of the occurrence of any one of the following events:

- (1) where the number of directors falls short of the number stipulated in the Company Law or is below two-thirds of the number required by these Articles;
- (2) where the accrued losses of the Company amount to one-third of its total paid-up share capital;
- (3) upon the written request of shareholders holding 10% or more of the issued shares of the Company carrying voting rights;
- (4) where the board of directors considers it necessary or where the independent directors and the supervisory committee proposes to convene such a meeting; and
- (5) Circumstances as prescribed by laws, administrative regulations, department rules and regulations and these Articles.

13. Existing Article 58

Where the Company convenes an annual general meeting, shareholders holding 5 per cent. or more of the total shares of the Company carrying voting rights are entitled to submit in writing any new motions to the Company. The Company shall include in the agenda of the meeting all items in the motion that fall within the scope of duties of the shareholders in general meeting.

It is proposed to be amended as follows:

Re-numbered as Article 59

Shareholders, solely or jointly, holding more than 3% of the total shares carrying voting rights of the Company may, on or before 20 days prior to the holding of a general meeting submit to the board of directors in writing the proposed resolutions. The board of directors shall, either issue a notice informing other shareholders within 2 days from the date of receipt of such proposal or at least 14 days before the date of the general meeting, issue a circular and announcement to notify all the shareholders of the proposed resolutions, and to table the proposed resolutions at the shareholders general meeting for consideration.

14. Existing Article 70

Shareholders (including proxies) who vote at the shareholders' general meeting shall exercise their voting rights in relation to the amount of voting shares they represent. Each share carries one vote. According to the Listing Rules, any shareholder is restricted to vote only "For" or only "Against", the vote will not be counted if this shareholder or its proxy violates this restriction.

It is proposed to be amended as follows:

Re-numbered as Article 71

Shareholders (including proxies) who vote at the shareholders' general meeting shall exercise their voting rights in relation to the amount of voting shares they represent. Each share carries one vote. According to the Listing Rules, any shareholder is restricted to vote only "For" or only "Against", the vote will not be counted if this shareholder or its proxy violates this restriction.

The Company's shares held by the Company shall not carry voting rights, and those shares shall not be included in calculating the total number of votes carrying voting rights at a general meeting.

The collection of voting rights can be carried out by the appropriate shareholders, board of directors and independent directors.

15. Existing Article 76

The following matters shall be resolved by way of special resolution of a shareholders' general meeting:

- (1) the increase or reduction of the Company's share capital and the issue of shares of any class, warrants or other similar securities;
- (2) the repurchases of the Company's shares
- (3) the issue of bonds by the Company;
- (4) the division, merger, dissolution and liquidation of the Company;
- (5) any amendment to these Articles; and

other matters which, according to an ordinary resolution of the shareholders' general meeting, may have a significant impact on the Company and require adoption by way of special resolution.

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(6) other matters governed by Listing Rules.

It is proposed to be amended as follows:

The following matters shall be resolved by way of special resolution of a shareholders' general meeting:

- (1) the increase or reduction of the Company's registered share capital and the issue of shares of any class, warrants or other similar securities;
- (2) the repurchases of the Company's shares;
- (3) the issue of bonds by the Company;
- (4) the division, merger, dissolution and liquidation or change in nature of the Company;
- (5) the Company, in one year's time, purchases or dispose substantial assets, or provide guarantee in an amount which exceeds 30% of the latest total audited assets of the Company;
- (6) any amendment to these Articles;
- (7) other matters which, according to an ordinary resolution of the shareholders' general meeting, the requirements of laws, administrative regulations and the Company's Articles may have a significant impact on the Company and require adoption by way of special resolution;
- (8) share incentive scheme; and
- (9) other matters governed by Listing Rules.

16. Existing Article 78

The shareholders' general meetings shall be convened and presided by the chairman of the board of directors. If the chairman of the board cannot attend the meeting for any reasons, the meeting shall be convened and presided by the vice chairman of the board. If both the chairman and the vice chairman of the board cannot attend the meeting, the board of directors may designate a director of the Company to convene and preside at the meeting as chairman. If a chairman has not been designated, shareholders attending the meeting may elect a person to act as chairman. If for any reason the shareholders cannot elect a chairman, the shareholder (including his proxies) with the greatest number of voting shares present at the meeting shall act as chairman of the meeting.

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It is proposed to be amended as follows:

Re-numbered as Article 79

General meetings shall be convened and presided by the chairman of the Company. If the chairman is unable to attend the meeting for any reason, a vice chairman (if the Company has two or more than two vice chairmen, more than half of the directors may nominate one of them to preside the meeting) may convene the meeting and to act as chairman of the meeting. If the vice chairman is unable to attend the meeting for any reason, more than half of the directors may nominate a director to preside the meeting.

For general meetings convened by the supervisory committee, the chairman of the supervisory committee shall preside the meeting. If the chairman of the supervisory committee is unable to attend the meeting for any reason, a vice chairman may convene the meeting and to act as chairman of the meeting. If the vice chairman is unable to attend the meeting for any reason, more than half of the supervisors may nominate a supervisor to preside the meeting.

For a meeting convened by the shareholders in accordance with these Articles, the convener shall nominate the chairman of the general meeting.

If a meeting is unable to continue as a result of the chairman's violation of the rules and procedures of the meeting, the meeting may continue upon the election of an individual to be the chairman by over half of the shareholders with voting rights present at the meeting.

17. Existing Article 91

The Company shall have a board of directors which shall consist of 5-9 directors, comprising one Chairman, 1 vice-chairman, 1-5 executive directors and 3 independent non-executive directors.

An independent director is a director who does not assume other responsibilities in the company other than the responsibility as a director and that he is free from any relationship with the listing company to which he has been appointed and with a significant shareholder of the company which could impede him from exercising impartial and objective judgment.

The Company shall appoint independent directors lawfully and give full play to the functions of independent directors.

In addition to the functions and powers conferred by the Company Law and other relevant laws and regulations, the independent directors shall have the special functions and powers as conferred by the Company and have the right to give independent opinion on matters which are material to the Company in accordance with law.

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It is proposed to be amended as follows:

Re-numbered as Article 92

The Company shall have a board of directors which shall consist of 11 directors, comprising 4 independent non-executive directors. The board of directors shall have a chairman and 3 vice chairmen.

An independent director is a director who does not assume other responsibilities in the company other than the responsibility as a director and that he is free from any relationship with the listing company to which he has been appointed and with a significant shareholder of the company which could impede him from exercising impartial and objective judgment.

The Company shall appoint independent directors lawfully and give full play to the functions of independent directors.

In addition to the functions and powers conferred by the Company Law and other relevant laws and regulations, the independent directors shall have the special functions and powers as conferred by the Company and have the right to give independent opinion on matters which are material to the Company in accordance with law. Each independent director shall make a report at the annual general meeting.

18. Existing Article 93

The board of directors shall be accountable to the shareholders in general meeting and shall exercise the following functions and powers:

- (1) to convene shareholders' general meetings and to report on its work to the shareholders' general meetings;
- (2) to implement resolutions of the shareholders' general meetings;
- (3) to decide on the business plans and investment proposals of the Company;
- (4) to formulate the annual budget and final accounts of the Company;
- (5) to formulate proposals for profit distribution and for making up accrued losses of the Company;
- (6) to formulate proposals for the increase or reduction of registered capital, the issue of bonds or other securities and proposals for listing of the Company;
- (7) to draft proposals for the major takeover of the Company, repurchase of the Company's shares, and merger, division or dissolution of the Company;
- (8) to decide on the establishment of internal management structure of the Company;

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- (9) to appoint or dismiss the general manager of the Company and secretary to the board of directors; at the recommendation of the general manager, to appoint or dismiss deputy general managers, financial controller, chief engineer and other senior management staff of the Company, and to determine matters relating to their remuneration, rewards and punishment;
- (10) to formulate the basic management system of the Company;
- (11) to formulate proposals for the amendment to these Articles;
- (12) to manage the disclosure of information of the Company;
- (13) to propose in a shareholders' general meeting to engage or replace a firm of accountants which undertakes auditing work of the Company;
- (14) to listen to the general manager's work reports and to check his work; and
- (15) other functions and powers conferred by laws, regulations or these Articles, and the shareholders' general meeting.

Except in relation to items (6), (7) and (11) which require the affirmative vote of two-thirds of the directors, resolutions on any other items may be approved by the affirmative vote of more than half of the directors.

The board of directors may establish a special committee to undertake work according to actual needs. The duties and powers of the special committee shall be authorized by the board of directors according to relevant regulations and the Articles.

It is proposed to be amended as follows:

Re-numbered as Article 94

The board of directors shall be accountable to the shareholders in general meeting and shall exercise the following functions and powers:

- (1) to convene shareholders' general meetings and to report on its work to the shareholders' general meetings;
- (2) to implement resolutions of the shareholders' general meetings;
- (3) to decide on the business plans and investment proposals of the Company;
- (4) to formulate the annual budget and final accounts of the Company;
- (5) to formulate proposals for profit distribution and for making up accrued losses of the Company;

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- (6) to formulate proposals for the increase or reduction of registered capital, the issue of bonds or other securities and proposals for listing of the Company;
- (7) to draft proposals for the major takeover of the Company, repurchase of the Company's shares, and merger, division, dissolution or change in nature of the Company;
- (8) to consider matters in relation to the Company's outside investment, acquisition and disposal of assets, pledge provision of guarantee, designated financial arrangement and connected transactions within the scope of as approved in the general meeting;
- (9) to decide on the establishment of internal management structure of the Company;
- (10) to appoint or dismiss the president, and secretary to the board of director of the Company; according to president's nomination to appoint or dismiss senior vice president, vice president, financial controller and other senior management staff of the Company upon the nomination by the president, and to determine matters relating to their remuneration, rewards and punishment;
- (11) to formulate the basic management system of the Company;
- (12) to formulate proposals for the amendment to these Articles;
- (13) to manage the disclosure of information of the Company;
- (14) to propose in a shareholders' general meeting to engage or replace a firm of accountants which undertakes auditing work of the Company;
- (15) to listen to the general manager's work reports and to check his work; and
- (16) other functions and powers conferred by laws, regulations or these Articles, and the shareholders' general meeting.

Except in relation to items (6), (7), (8) and (12) which require the affirmative vote of two-thirds of the directors, resolutions on any other items may be approved by the affirmative vote of more than half of the directors.

The board of directors may establish several committees, the duties and the powers of the committees will be defined by the board of directors according to the Articles.

19. Existing Article 94

Where there is a disposition of fixed assets by the board of directors and the aggregate of the expected value of the consideration for the proposed disposition and the value of the consideration for any disposition of fixed assets made in the 4 months immediately preceding the proposed disposition exceeds 33 per cent of the value of the fixed assets as shown in the last balance sheet placed before the shareholders' general meeting, the board of directors shall not dispose or agree to dispose of the fixed assets without the prior approval of shareholders' general meeting.

In this Article, 'disposition of fixed assets' includes an act involving transfer of an interest in property other than by way of security.

The validity of a disposition by the Company shall not be affected by a breach of the first paragraph of this Article.

The board of directors may apply the right to invest Company's assets in Compliance with the Listing Rules, relevant regulations and other regulations from time to time in force.

Where the board of directors applies Company's assets for foreign investment, it shall set up strict supervision and decision making procedures. Major investment project shall be assessed by relevant experts and professionals and approved by the shareholders in general meeting.

The board of directors is authorized to decide on the provision of security to its holding and shareholding companies within its limit in view of the scope of nets assets as disclosed in the latest audited accounts or the proportion of shareholding of the Company in its holding and shareholding companies.

The board of directors is authorized to provide security to other parties up to a limit of RMB50 million in total.

It is proposed to be amended as follows:

Re-numbered as Article 95

Where there is a disposition of fixed assets by the board of directors and the aggregate of the expected value of the consideration for the proposed disposition and the value of the consideration for any disposition of fixed assets made in the 4 months immediately preceding the proposed disposition exceeds 33 per cent of the value of the fixed assets as shown in the last balance sheet placed before the shareholders' general meeting, the board of directors shall not dispose or agree to dispose of the fixed assets without the prior approval of shareholders' general meeting.

In this Article, 'disposition of fixed assets' includes an act involving transfer of an interest in property other than by way of security.

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The validity of a disposition by the Company shall not be affected by a breach of the first paragraph of this Article.

The authority of the board of directors of the Company in investment derives from the time to time in force Listing Rules, applicable laws, and regulations.

Where the board of directors applies Company's assets for foreign investment, it shall set up strict supervision and decision making procedures. Major investment project shall be assessed by relevant experts and professionals and approved by the shareholders in general meeting.

20. Existing Article 95

The chairman of the board shall exercise the following functions and powers:

- (1) to preside at shareholders' general meetings and to convene and preside at meetings of the board of directors;
- (2) to monitor the implementation of resolutions of the board of directors;
- (3) to sign certificates for securities issued by the Company;
- (4) to sign important documents of the board of directors and such other documents which should be signed by the legal representative of the Company;
- (5) to exercise the functions and powers of a legal representative;
- (6) to exercise the special power of disposition in respect of the Company's business in case of force majeure, emergency situation and upon the occurrence of natural disasters, provided that such power is exercised in compliance with laws and regulations and in the interests of the Company; and
- (7) other functions and powers conferred by the board of directors.

Where the chairman is unable to exercise his functions and powers, he may instruct a vice chairman to exercise such functions and powers on his behalf.

It is proposed to be amended as follows:

The original Article 95 be renumbered as Article 96 and the last paragraph of the original Article 95 be amended as follows:

Where the chairman is unable to exercise his functions and powers, a vice chairman shall take up and exercise such functions and powers.

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If the Company has two or more vice chairmen, the vice chairman who is nominated and elected by more than half of the directors shall to perform the duties of the chairman. If the vice chairman is unable or fail to discharge his duties, a director nominated by more than half of the directors shall perform the duties.

21. Existing Article 96

Meetings of the board of directors shall be convened at least twice every year. Such meeting shall be convened by the chairman by giving notice to all the directors not less than 10 days before the meeting. Where there is an emergency, an extraordinary meeting of the board of directors may be convened at the suggestion of one-third or more of the directors or at the suggestion of the manager and supervisory committee.

It is proposed to be amended as follows:

Re-numbered as Article 97

Meetings of the board of directors shall be convened at least 4 times every year. Such meeting shall be convened by the chairman by giving notices to all the directors at least 14 days prior to the meeting. Where there is an emergency, an extraordinary meeting of the board of directors may be convened at the request of shareholders comprising 10% or more of the voting rights, the president, and one-third or more of the directors or the supervisory committee. Chairman of the Company shall convene a board meeting within 10 days after receipt of such request.

22. Existing Article 97

The method of convening board meetings and extraordinary board meetings is by written notice to all directors not less than 10 days before such meetings.

It is proposed to be amended as follows:

Re-numbered as Article 98

The notice for convening board meetings shall be by the issuance of a written notice to all directors at least 14 days prior to the meeting. For an extraordinary meeting, a notice shall be issued to all directors at least 5 days prior to the meeting.

23. Existing Article 98

Meetings of the board of directors shall only be held if more than half of the directors are present.

Each director shall have one vote. Unless otherwise provided by the Articles, resolutions of the board of directors shall be passed by the affirmative vote of more than half of the directors.

APPENDIX 2

In the case of an equality of votes, the chairman shall have a casting vote.

It is proposed to be amended as follows:

Re-numbered as Article 99

Meetings of the board of directors shall only be held if more than half of the directors are present.

Each director shall have one vote. Unless otherwise provided by the Articles, resolutions of the board of directors shall be passed by the affirmative vote of more than half of the directors.

In the case of an equality of votes, the chairman shall have a casting vote.

A director shall not vote or authorise other directors to vote on his behalf on any board resolutions in relation to any connected transactions in which he is interested in. The quorum of the board meeting of which the connected transaction are considered is 3 non-connected directors. The resolution of the connected transaction shall be passed by more than half of the non-connected directors. If there are less than 3 non-connected directors present at the board meeting, such resolution shall be tabled at general meeting for consideration.

24. Existing Article 104

The Company shall have one general manager who shall be appointed or removed by the board of directors.

The Company shall have several deputy general managers, 1 financial controller and 1 chief engineer to assist the general manager in his work. The deputy general managers, the financial controller and the chief engineer shall be nominated by the general manager and appointed or removed by the board of directors.

It is proposed to be amended as follows:

Re-numbered as Article 105

The Company shall comprise of one president who shall be appointed or removed by the board of directors.

The Company shall have 1 president, several senior vice presidents, several vice presidents, and 1 financial controller to assist the general manager to carry out his duties. The senior vice president, vice president, and the financial controller shall be nominated by the president and appointed or removed by the board of directors.

25. Existing Article 106

The general manager shall attend meetings of the board of directors, but if he is not a director, he shall not have the right to vote at such meetings.

It is proposed to be amended as follows:

Re-numbered as Article 107

The president shall attend meetings of the board of directors, but if he is not a director, he shall not have the right to vote at such meetings.

A scope of work of the president shall be defined by the president and such scope of work shall be reported to the board of directors for approval and to be carried out upon approval.

26. Existing Article 107

The general manager shall exercise his functions and powers in accordance with laws, administrative regulations and these Articles, and shall act honestly and diligently.

The general manager may tender resignation before expiry of his term of office. However, he must do so 3 months before the date of resignation and go through the relevant formalities upon approval by the board of directors. Where he resigns without prior approval, the Company shall have recourse to the economic losses resulting from such act. The specific procedures and ways in relation to the resignation of the general manager shall be provided in the labour contract between the general manager and the Company.

It is proposed to be amended as follows:

Re-numbered as Article 108

The president shall exercise his functions and powers in accordance with laws, administrative regulations and these Articles, and shall act honestly and diligently.

The president may tender resignation before expiry of his term of office. However, he must do so 3 months before the date of resignation and go through the relevant formalities upon approval by the board of directors. Where he resigns without prior approval, the Company shall have recourse to the economic losses resulting from such act. The specific procedures and ways in relation to the resignation of the president shall be provided in the labour contract between the president and the Company.

The senior management staff shall be liable for compensation if he violates the laws, administrative regulations, departmental regulations, and the requirements of the Articles in discharging his duties.

27. Existing Article 109

The supervisory committee shall consist of 3 members, one of whom shall be the chairman of the supervisory committee. The term of a supervisor shall be three years and a supervisor may be re-elected to serve consecutive terms. The appointment and removal of the chairman of the supervisory committee shall be decided by two-thirds or more of the supervisors.

It is proposed to be amended as follows:

Re-numbered as Article 110

The supervisory committee shall consist of 5 members, which comprises of a chairman and a vice chairman. The term of a supervisor shall be three years and a supervisor may be re-elected to serve consecutive terms. The appointment and removal of the chairman and the vice chairman of the supervisory committee shall be determined by two-thirds or more of the supervisors.

28. Existing Article 110

The supervisory committee shall be composed of two shareholders' representatives and one employees' representative. The shareholders' representatives shall be elected and removed by the shareholders in general meeting and the employees' representative shall be elected and removed by the Company's employees on a democratic basis.

It is proposed to be amended as follows:

Re-numbered as Article 111

The supervisory committee shall be composed of three shareholders' representatives and two employees' representatives. The shareholders' representatives shall be elected and removed by the shareholders in general meeting and the employees' representative shall be elected and removed by the Company's employees on a democratic basis.

29. Existing Article 111

The Company's director, manager and financial controller shall not serve concurrently as supervisors.

It is proposed to be amended as follows:

Re-numbered as Article 112

The Company's director, president and other senior management shall not serve concurrently as supervisors.

30. Existing Article 112

Meetings of the supervisory committee shall be held at least twice a year. They shall be convened by the chairman of the supervisory committee.

It is proposed to be amended as follows:

Re-numbered as Article 113

A meeting of the supervisory committee shall be held at least every six months. It shall be convened by the chairman of the supervisory committee; if the chairman is unable or fails to discharge his duty, vice chairman shall convene and preside the meeting; if the vice chairman is unable or fails to discharge his duty, a supervisor should be nominated by more than half of the supervisors to convene and preside the meeting. Supervisor can request to convene extraordinary meeting.

31. Existing Article 113

The supervisory committee shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers in accordance with law:

- (1) to examine the Company's financial affairs;
- (2) to supervise the directors and other senior management staff and propose to remove directors and senior management staff who violate the law, administrative regulations, these Articles and the resolutions passed at the general meetings;
- (3) if an act of a director, managers or other senior management staff is prejudicial to the interests of the Company, to require him to rectify such act;
- (4) to verify financial reports, business reports, profit distribution proposals and other financial information proposed to be tabled at the shareholders' general meeting and, if in doubt, to appoint in the name of the Company any registered accountant or practising auditor to assist in reviewing them;
- (5) to propose to convene an extraordinary general meetings of shareholders;
- (6) to represent the Company in negotiations with directors or to institute legal proceedings against a director; and
- (7) other functions and powers authorized by the shareholders' general meeting or provided in these Articles.

Supervisors may attend meetings of the board of directors.

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It is proposed to be amended as follows:

Re-numbered as Article 114

The supervisory committee shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers in accordance with law:

- (1) to examine the Company's financial affairs;
- (2) to supervise the directors and other senior management staff and propose to remove directors and senior management staff who violate the law, administrative regulations, these Articles and the resolutions passed at the general meetings;
- (3) if an act of a director, managers or other senior management staff is prejudicial to the interests of the Company, to require him to rectify such act;
- (4) to verify financial reports, business reports, profit distribution proposals and other financial information proposed to be tabled at the shareholders' general meeting and, if in doubt, to appoint in the name of the Company any registered accountant or practising auditor to assist in reviewing them, and to issue written advice thereof;
- (5) to propose to convene an extraordinary general meetings of shareholders, and if the board of directors of the Company does not follow the PRC Company Law to convene and chair a general meeting, to convene and chair the general meeting;
- (6) to represent the Company to institute legal proceedings against a director or a senior management in accordance with the PRC Company Law s.152;
- (7) to investigate the irregularity operations of the Company and to appoint external accounting firms, law firms to assist in the investigation when necessary and all the expenses in relation thereto shall be borne by the Company; and
- (8) other functions and powers authorized by the shareholders' general meeting or provided in these Articles.

Supervisors may attend meetings of the board of directors.

32. Existing Article 114

Conduct of debate: The quorum for the supervisory committee's meeting shall be two-thirds or more of supervisors. Voting procedures: Resolutions of the supervisory committee shall be passed by the affirmative votes of two-thirds or more of the supervisors.

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The supervisory committee shall keep minutes of the meeting. Supervisors attending the meeting and the person taking minutes shall sign their names on the minutes of that meeting. Supervisors are entitled to demand that an explanatory record be made on the minutes in respect of his speech at the meeting.

It is proposed to be amended as follows:

Renumbered as Article 115

Conduct of debate: The quorum for the supervisory committee's meeting shall be two-thirds or more of supervisors. Voting procedures: Resolutions of the supervisory committee shall be passed by the affirmative votes of two-thirds or more of the supervisors.

The supervisory committee shall keep minutes of the meeting. Supervisors attending the meeting and the person taking minutes shall sign their names on the minutes of that meeting. Supervisors are entitled to demand that an explanatory record be made on the minutes in respect of his speech at the meeting. The minutes of supervisory committee meeting shall be kept for at least 10 years.

33. Existing Article 115

All reasonable expenses incurred by the supervisory committee in the appointment of professionals such as lawyers, registered accountants and practising auditors shall be borne by the Company.

It is proposed that the existing Article 115 be deleted.

34. Existing Article 117

None of the following persons may serve as a director, supervisor, manager or other senior management staff of the Company:

- (1) a person without capacity for civil conduct or with limited capacity for civil conduct;
- (2) a person who was punished for the crime of corruption, bribery, expropriation or misappropriation of property or disrupting the social and economic order, and a period of 5 years has not elapsed since the punishment was completed, or who was deprived of his political rights as punishment for a criminal offence, and a period of 5 years has not elapsed since the deprivation was completed;
- (3) a person who was a director or factory manager or manager of a company or enterprise which had become insolvent and liquidated due to mismanagement, and who was personally liable for the insolvency of that company or enterprise, and a period of 3 years, counting from the date of completion of the liquidation proceedings in question, has not elapsed;

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- (4) a person who was a legal representative of a company or enterprise which has its business licence revoked for violating the law, and who was personally liable for that revocation, and a period of 3 years, counting from the date of revocation of the business licence in question, has not elapsed;
- (5) a person with relatively large debts that have fallen due but have not been settled;
- (6) a person who has been placed on file for investigation by judicial authorities for having violated the criminal law, and such investigation has not been concluded;
- (7) a person who is prohibited from acting as a leader by virtue of any laws and administrative regulations;
- (8) a non-natural person; or
- (9) a person who was convicted by any relevant regulatory authorities of violation of securities-related laws and regulations, where such violation involved acts of fraudulent or dishonest nature and a period of 5 years, counting from the date of the conviction in question, has not elapsed.

It is proposed to be amended as follows:

None of the following persons may serve as a director, supervisor, president, manager or other senior management staff of the Company:

- (1) a person without capacity for civil conduct or with limited capacity for civil conduct;
- (2) a person who was punished for the crime of corruption, bribery, expropriation or misappropriation of property or disrupting the social and economic order, and a period of 5 years has not elapsed since the punishment was completed, or who was deprived of his political rights as punishment for a criminal offence, and a period of 5 years has not elapsed since the deprivation was completed;
- (3) a person who violates the laws, administrative regulations or the Ministry of State's securities administrative rules or more seriously, being restricted by the Ministry of State's securities administrative body to be involved in the security market for certain period of time which has not been expired;

The restriction to be involved in the security market is a regulation imposed on a person forbidding him to, carry out matters in relation to securities and to act as a director, supervisor, and senior management of a listed company for a certain period or life long.

- (4) a person who was a director or factory manager or manager of a company or enterprise which had become insolvent and liquidated due to mismanagement, and who was personally liable for the insolvency of that company or enterprise, and a period of 3 years, counting from the date of completion of the liquidation proceedings in question, has not elapsed;

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- (5) a person who was a legal representative of a company or enterprise which has its business licence revoked for violating the law or being ordered to wind up, and who was personally liable for that revocation, and a period of 3 years, counting from the date of revocation of the business licence in question, has not elapsed;
- (6) a person with relatively large debts that have fallen due but have not been settled;
- (7) a person who has been placed on file for investigation by judicial authorities for having violated the criminal law, and such investigation has not been concluded;
- (8) a person who is prohibited from acting as a leader by virtue of any laws and administrative regulations;
- (9) a non-natural person; or
- (10) a person who was convicted by any relevant regulatory authorities of violation of securities-related laws and regulations, where such violation involved acts of fraudulent or dishonest nature and a period of 5 years, counting from the date of the conviction in question, has not elapsed.

35. Existing Article 143

After-tax profits of the Company shall be applied in the following order:

- (1) to make up for losses;
- (2) allocations to the statutory common reserve;
- (3) allocations to the statutory public welfare fund;
- (4) allocations to a discretionary common reserve if approved by resolution of the shareholders' general meeting;
- (5) payment of dividend on shares. The Company shall not distribute dividends or make other distribution by way of bonus before it has made up for losses and made allocations to the statutory common reserve and the statutory public welfare fund.

Any amount paid up in advance of calls on any shares may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

Where power is taken to cease sending dividend warrants by post, if such warrants have been left uncashed, it will not be exercised until such warrants have been so left uncashed on 2 consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

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It is proposed to be amended as follows:

After-tax profits of the Company shall be applied in the following order:

- (1) to make up for losses;
- (2) allocations to the statutory common reserve;
- (3) allocations to a discretionary common reserve if approved by resolution of the shareholders' general meeting;
- (4) payment of dividend on shares. The Company shall not distribute dividends or make other distribution by way of bonus before it has made up for losses and made allocations to the statutory common reserve and the statutory public welfare fund.

If the general meeting violates the above-mentioned rules to distribute dividends to shareholders profits before the recovery of losses and the provision of lawful reserve, the shareholders shall refund the distributed profit to the Company.

The repurchased shares owned by the Company shall not be entitled to any distribution of profit.

Any amount paid up in advance of calls on any shares may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

Where power is taken to cease sending dividend warrants by post, if such warrants have been left uncashed, it will not be exercised until such warrants have been so left uncashed on 2 consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

The Company should allocate 10% of its net profit of the year to the common reserve. When the total amount of the common reserve reaches 50% of its registered capital, the Company can stop the allocation.

36. Existing Article 144

Capital common reserve shall include the following:

- (1) premium amount in excess of the face value of shares which have been issued;
- (2) other sums required to be included in the capital common reserve by the finance regulatory authority of the State Council.

APPENDIX 2

It is proposed to be amended as follows:

Capital common reserve shall include the following:

- (1) premium amount in excess of the face value of shares which have been issued;
- (2) other sums required to be included in the capital common reserve by the finance regulatory authority of the State Council;
- (3) company's reserve can be used to cover the company's losses, to increase the production scale, or convert into the Company's capital. However, the capital reserve shall not be used for recovery of loss of the Company.

In applying a conversion of capital reserve to capital, the residual capital reserve shall not be less than 25% of the original registered capital of the Company.

37. Existing Article 156

Where the Company decides to remove or not to reappoint a firm of accountants, it shall give advance notice to that firm of accountants. The firm of accountants shall have the right to make representations at the shareholders' general meeting. Where a firm of accountants resigns, it shall inform the shareholders in general meeting as to whether there is any irregularity on the part of the Company.

It is proposed to be amended as follows:

Where the Company decides to remove or not to reappoint an accounting firm, it shall give 30 days notice to such accounting firm. The accounting firm shall have the right to make representations at the shareholders' general meeting. Where an accounting firm resigns, it shall inform the shareholders in general meeting as to whether there is any irregularity on the part of the Company.

38. Existing Article 160

Merger of the Company may take the form of merger by absorption and merger by new establishment.

Where there is a merger of the Company, all parties to the merger shall enter into a merger agreement, and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the resolution approving the merger and shall make a public announcement of the merger in newspapers at least 3 times within 30 days from that date.

After the merger, the company which survives or is newly established shall succeed to the claims and debts of all the parties to the merger.

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It is proposed to be amended as follows:

Merger of the Company may take the form of merger by absorption and merger by new establishment.

Where there is a merger of the Company, all parties to the merger shall enter into a merger agreement, and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the resolution approving the merger and shall make a public announcement of the merger in newspapers within 30 days from that date. The creditors shall request the Company to repay the debts or to provide relevant guarantee either within 30 days upon receiving the notice or in case no notice is received, within 45 days upon the date of the announcement.

After the merger, the company which survives or is newly established shall succeed to the claims and debts of all the parties to the merger.

39. Existing Article 161

Where there is a division of the Company, its assets shall be divided accordingly.

Where there is a division of the Company, all parties to the division shall enter into a division agreement, and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the resolution approving the division and shall make a public announcement of the division in newspapers at least 3 times within 30 days from that date.

Debts owing by the Company before the division shall be borne by the companies after the division in accordance with the agreement reached.

It is proposed to be amended as follows:

Where there is a division of the Company, its assets shall be divided accordingly.

Where there is a division of the Company, all parties to the division shall enter into a division agreement, and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the resolution approving the division and shall make a public announcement of the division in newspapers within 30 days from that date.

Debts owing by the Company before the division shall be borne by the companies after the division, unless written agreement to the contrary in relation to the settlement of debts has been reached between the Company before division and the creditors.

APPENDIX 2

40. Existing Article 163

The Company shall be dissolved and liquidated in accordance with law upon the occurrence of any of the following events:

- (1) the shareholders' general meeting has resolved to dissolve the Company;
- (2) dissolution has become necessary as a result of a merger or division of the Company;
- (3) the Company is declared insolvent in accordance with law because it is unable to pay its debts as they fall due; or
- (4) the Company has been ordered to close down because of violation of laws or administrative regulations.

It is proposed to be amended as follows:

The Company shall be dissolved and liquidated in accordance with law upon the occurrence of any of the following events:

- (1) the shareholders' general meeting has resolved to dissolve the Company;
- (2) dissolution has become necessary as a result of a merger or division of the Company;
- (3) the Company is declared insolvent in accordance with law because it is unable to pay its debts as they fall due;
- (4) the Company has been ordered to close down because of violation of laws or administrative regulations; or
- (5) if the Company has experienced serious problems in operation and management, and that the continuation of the operation will bring serious loss to the interests of the shareholders, and there is no solution to solve the problems, shareholders holding 10% or more voting rights can request the People's Court to dissolve the Company.

41. Existing Article 164

Where the Company is dissolved pursuant to paragraphs (1) or (2) of the preceding Article, it shall establish a liquidation committee within 15 days thereof. The composition of the liquidation committee shall be determined by shareholders in general meeting by way of an ordinary resolution.

Where the Company is dissolved pursuant to paragraph (4) of the preceding Article, the People's Court shall organize the shareholders, the relevant authorities and relevant professionals to form a liquidation committee to conduct the liquidation in accordance with relevant laws.

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Where the Company is dissolved pursuant to paragraph (5) of the preceding Article, the relevant supervisory authority shall organize the shareholders, the relevant authorities and relevant professionals to form a liquidation committee to conduct the liquidation.

It is proposed to be amended as follows:

Where the Company is dissolved pursuant to paragraphs (1), (3), (4) or (5) of the preceding Article, it shall establish a liquidation committee within 15 days from the date of the event leading to dissolution and commence liquidation. The composition of the liquidation committee shall be determined by the board of directors or shareholders in the general meeting. If a liquidation committee is not formed within the aforesaid time, creditors can apply to the People's Court to assign certain individuals to establish the liquidation committee.

42. Existing Article 167

The liquidation committee shall exercise the following functions and powers during the course of liquidation:

- (1) to sort out the assets of the Company and prepare a balance sheet and an inventory of assets respectively;
- (2) to inform creditors by notice or public announcement;
- (3) to dispose of and liquidate any relevant unfinished business of the Company;
- (4) to pay all outstanding taxes;
- (5) to settle claims and debts;
- (6) to deal with the surplus assets remaining after the Company's repayment of debts;
- (7) to represent the Company in civil litigation proceedings.

It is proposed to be amended as follows:

The liquidation committee shall exercise the following functions and powers during the course of liquidation:

- (1) to sort out the assets of the Company and prepare a balance sheet and an inventory of assets respectively;
- (2) to inform creditors by notice or public announcement;
- (3) to dispose of and liquidate any relevant unfinished business of the Company;
- (4) to pay all outstanding taxes and taxes derived during liquidation;

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- (5) to settle claims and debts;
- (6) to deal with the surplus assets remaining after the Company's repayment of debts;
- (7) to represent the Company in civil litigation proceedings.

43. Existing Article 168

After the liquidation committee has sorted out the Company's assets and prepared a balance sheet and an inventory of assets, it shall formulate a liquidation proposal and submit it to the shareholders' general meeting or the relevant supervisory authority for confirmation.

The assets of the Company shall be used to make payments in the following order:

- (1) to pay liquidation expenses;
- (2) to pay accrued wages and labour insurance premiums for employees of the Company;
- (3) to pay outstanding taxes;
- (4) to repay the debts of the Company.

Any surplus assets remaining after repayment of debts by the Company under the preceding paragraph shall be distributed to its shareholders according to the class and proportion of their shareholding.

The Company shall not undertake any new business activities in the course of its liquidation.

It is proposed to be amended as follows:

After the liquidation committee has sorted out the Company's assets and prepared a balance sheet and an inventory of assets, it shall formulate a liquidation proposal and submit it to the shareholders' general meeting or the relevant supervisory authority for confirmation.

The assets of the Company shall be used to make payments in the following order:

- (1) to pay liquidation expenses;
- (2) to pay accrued wages, labour insurance premiums and compensation for employees of the Company as required by law;
- (3) to pay outstanding taxes;
- (4) to repay the debts of the Company.

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Any surplus assets remaining after repayment of debts by the Company under the preceding paragraph shall be distributed to its shareholders according to the class and proportion of their shareholding.

The Company shall not undertake any new business activities in the course of its liquidation.

44. Existing Article 170

Following the completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, statement of receipts and payments and financial account books in respect of the liquidation period which, after they have been verified by an accountant registered in the PRC, shall be submitted to the shareholders' general meeting or the relevant supervisory authority for confirmation.

The liquidation committee shall, within 30 days of the date of confirmation by the shareholders' general meeting or the relevant supervisory authority, submit the above documents to the companies registration authority, apply to cancel the Company's registration, and make a public announcement of the termination of the Company.

It is proposed to be amended as follows:

Following the completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report, statement of receipts and payments and financial account books in respect of the liquidation period, arrange for them to be verified by the general meeting or the People's Court, and then submit the above documents to the companies registration authority, and then apply to cancel the Company's registration, and to issue a public announcement of the termination of the Company.

If the Company has been declared insolvent according to the laws, the Company shall follow the relevant insolvency law to liquidate the Company.

45. Existing Article 171

The Company may amend the Articles according to laws, administrative regulations and the provisions of the Articles.

It is proposed to be amended as follows:

The Company may amend the Articles according to laws, administrative regulations and the provisions of the Articles. The Company shall amend its Article under following conditions:

- (1) Upon amendments of the PRC Company Law and the relevant laws, administrative regulations these Articles are inconsistent with the amended laws and the administrative regulations and mandatory provision of company articles;

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- (2) There are changes in the conditions of the Company and they are inconsistent with those stated in these Articles; and
- (3) Resolutions in relation to the amendment of the Articles passed at the general meetings.

46. Existing Article 172

Amendments made to the Articles concerning matters prescribed by the “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas” (hereinafter referred to as “Mandatory Provisions”) shall become effective upon approval of the State Council authorized approving authorities and the China Securities Commission. Where the amendments relate to registered particulars of the Company, those particulars shall be amended according to law.

It is proposed to be amended as follows:

Amendments made to the Articles concerning matters prescribed by the “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas” (hereinafter referred to as “Mandatory Provisions”) shall become effective upon approval of the State Council authorized approving authorities and the China Securities Commission. Where the amendments relate to registered particulars of the Company, those particulars shall be amended according to law.

Amendment of the Company’s Article is required to be disclosed under the laws and regulations. Amendments made to the Company’s Articles shall be announced.

47. Existing Article 177

In these Articles, the terms ‘not less than’, ‘within’ and ‘not more than’ shall include the given figure; the terms ‘under’ and ‘beyond’ shall not include the given figure.

It is proposed to be amended as follows:

In these Articles, the terms ‘not less than’, ‘within’ and ‘not more than’ shall include the given figure; the terms ‘under’, ‘beyond’, ‘lower than’, and ‘more than’ shall not include the given figure.

Board of Directors
Zijin Mining Group Co., Ltd.
12 June 2006



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)

NOTICE IS HEREBY GIVEN THAT the Second 2006 Extraordinary General Meeting (“EGM”) of Zijin Mining Group Co., Ltd. (the “**Company**”) will be held at 9:00 a.m. on 18 August 2006, Friday, at the conference room on the 1st floor at No.1, Zijin Road, Shanghang County, Fujian Province, the PRC, for the purpose of considering and, if thought fit, passing the following:

BY WAY OF SPECIAL RESOLUTION

1. “That the proposed amendments to the Articles of Association of the Company, (details of which are set out in Appendix 2 to the circular dispatched to the shareholders of the Company on 30 June 2006) be and are hereby considered and approved and each amended article is independent and shall not affect the validity of other articles; and any director or secretary to the board of directors be and is hereby authorized to modify the wordings of such amendments as appropriate (such amendments will not be required to be approved by the shareholders of the Company) and to do all such things as necessary in respect of the amendments to the Articles of Association pursuant to the requirements (if any) of the relevant PRC authorities (including but not limited to, all applications, filings and registrations with the relevant authorities).”

BY WAY OF ORDINARY RESOLUTIONS

2. To elect directors of the third Board of Directors by way of cumulative voting;
3. To elect supervisors representing the shareholders of the Company of the third Supervisory Committee by way of cumulative voting and to confirm the appointment of the supervisors representing the staff and workers of the Company;
4. To authorise the Board of Directors to enter into service contract and/or appointment letter with each of the newly elected directors and supervisors respectively subject to such terms and conditions as the Board of Directors shall think fit and to do all such acts and things to give effect to such matters;

* For identification purpose only

NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING IN 2006

5. To authorise the Board of Directors to determine the remuneration of the newly elected directors and supervisors;

By order of the Board of Directors
Fan Cheung Man
Company Secretary

Fujian, the PRC, 30 June 2006

Notes:

- (A) The Company's register of H Shares members will be closed from Wednesday, 19 July 2006 to Thursday, 17 August 2006 (both days inclusive), during which period no transfer of H Shares will be registered. Holders of H Shares whose names appear on the register of members at the close of business on Thursday, 20 July 2006 will be entitled to attend and vote at the EGM. In order to qualify to attend and vote at the EGM, all instruments of transfer must be delivered to the Registrar of H Shares of the Company no later than 4:00 p.m. on Tuesday, 18 July, 2006.

The address of the Hong Kong Registrar of H Shares is:

Computershare Hong Kong Investor Services Limited,
Shops 1712-1716,
17th Floor, Hopewell Centre,
183 Queen's Road East,
Wanchai,
Hong Kong

- (B) Holders of H Shares and Domestic Shares who intend to attend the EGM must return the completed and signed reply slip to the Office for the Secretary to the Board of the Company at least twenty days before the EGM, being Saturday, 29 July 2006 by hand, by post or by facsimile.

Details of the Office for the Secretary to the Board of the Company is as follows:

No.1 Zijin Road
Shanghang County
Fujian Province
People's Republic of China
Tel: (86) 597 384 1468
Fax: (86) 592 396 9667

- (C) Holders of H Shares who has the right to attend and vote at the EGM are entitled to appoint one or more proxies (whether or not a member) to attend and vote on his behalf at the EGM. For shareholders who appoint more than one proxy, those proxies can only exercise their voting rights by way of poll. Shareholders who intend to appoint one or more proxies should first read the Company's circular.

NOTICE OF THE SECOND EXTRAORDINARY GENERAL MEETING IN 2006

- (D) The instrument appointing a proxy must be in writing under the hand of the appointer or his attorney duly authorised in writing. In the event that such instrument is signed by an attorney of the appointer, the power of attorney authorising that attorney to sign or other documents of authorisation shall be notarised.
- (E) To be valid, the form of proxy and ballot form (and if the form of proxy is signed by a person under a power of attorney or other authority on behalf of the appointer, then together with such power of attorney or other authority) must be deposited to the Registrar of H Shares of the Company, Computershare Hong Kong Investor Services Limited at 46th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 24 hours before the specified time for the holding of the EGM.
- (F) Holders of Domestic Shares who has the right to attend and vote at the EGM are entitled to appoint one or more proxies (whether or not a member) to attend and vote on his behalf. Notes (C) and (D) are also applicable for holders of Domestic Shares, but to be valid, the relevant proxy forms or other authorisation documents must be delivered to the Office for the Secretary to the Board of the Company at the address set out in Note (B) above 24 hours before the specified time for the holding of the EGM.
- (G) If a proxy is appointed to attend the EGM on behalf of a shareholder, the proxy must produce his document and the authorisation instrument with the date of issue and duly signed by the proxy or the legal representative. In the case of appointing a legal representative, such legal representative must produce his own identification document and the relevant identification document to identify his identity as the legal representative. If a shareholder appoints a company other than its legal representative to attend the EGM, such representative must produce his own identification document and the authorisation instrument bearing the company chop of the legal person shareholder duly authorised by its legal representative.
- (H) The EGM is expected to last for half a day, and shareholders attending the EGM shall be responsible for their own travelling and accommodation expenses.
- (I) Regarding items 2 to 3 of this notice, the biographical details of the candidates proposed to be elected as Directors and Supervisors have been set out in the Appendix to the circular in connection with the proposed election of Directors and Supervisors, and shall be dispatched to the shareholder.

As at the date of this notice of EGM, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Liu Xiaochu, Luo Yingnan, Lan Fusheng, and Rao 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.