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Zijin Mining Group Co., Ltd.*

紫金礦業集團股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 2899)

**CONNECTED TRANSACTION
EQUITY INTEREST ACQUISITION OF AN ASSOCIATE COMPANY**

The Board wishes to announce that the Company's wholly-owned subsidiary — Zijin Investment entered into an equity interest acquisition agreement on 20 September, 2006 with a connected person — Shanghang Daguangming to acquire 10% equity interest of an associate company — Wuping Zijin.

As at the date of this announcement, Shanghang Daguangming holds and owns 20% equity interest in Wuping Zijin, an associate company of the Company. Shanghang Daguangming is also a shareholder of Shanghang Zijin and currently owns 49% shareholding of Shanghang Zijin. Shanghang Daguangming is a connected person of the Company pursuant to the Listing Rules. Therefore, any transactions between Shanghang Daguangming and the Group constitutes a connected transaction under Chapter 14A of the Listing Rules.

The total amount of the consideration of the transaction is less than 2.5% in the relevant percentage (as set out in the Listing Rules) except profit percentage. The transaction constitutes a connected transaction of the Company under 14A.32 of the Listing Rules with exemption on the approval from independent shareholders and is subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

ACQUISITION AGREEMENT

Date: 20 September 2006

Parties:

1. Zijin Investment, is a wholly-owned subsidiary of the Company. Zijin Investment engaged in hydro power, logistics, and risk exploration investments in the PRC. Zijin Investment currently owns 38% equity interest of Wuping Zijin. Zijin Investment will additionally acquire 10% equity interest of Wuping Zijin from Shanghang Daguangming. After the completion of the acquisition agreement, Zijin Investment will own 48% equity interest of Wuping Zijin; and

2. Shanghang Daguangming currently owns 20% equity interest of Wuping Zijin. Shanghang Daguangming is also a shareholder of Shanghang Zijin and currently owns 49% of Shanghang Zijin. Shanghang Zijin is a non-wholly owned subsidiary of the Company. The Company currently owns 51% of Shanghang Zijin. Shanghang Daguangming mainly carries out hydro power business in Fujian, the PRC.

DETAILS OF THE PROPOSED TRANSACTION

General

The Board wishes to announce that the Company's wholly-owned subsidiary — Zijin Investment entered into an equity interest acquisition agreement on 20 September, 2006 with a connected person — Shanghang Daguangming to acquire total 10% equity interest of an associate company — Wuping Zijin. After the completion of the acquisition agreement, the Group will own 48% equity interest of Wuping Zijin and Wuping Zijin will remain an associate company of the Group.

Wuping Zijin's 38% equity interest is currently owned by the Group, its 42% equity interest is currently owned by Shanghang Hydro Power, and its 20% equity interest is currently owned by Shanghang Daguangming. Shanghang Hydro Power is a subsidiary of a promoter of the Company — Minxi Xinghang. Shanghang Hydro Power and Shanghang Daguangming are considered to be connected persons of the Group (as defined by the Listing Rules).

Wuping Zijin was formed in June 2005 and is principally engaged in hydro power business in Wuping, Fujian, the PRC. Its current paid up capital is RMB60,000,000 (HK\$58,823,529 equivalent).

According to an audited report prepared under the PRC Generally Accepted Accounting Principles and issued by a firm of the PRC Certified Public Accountants, as at 31 December 2005, Wuping Zijin's total value of assets is RMB189,173,204 (HK\$185,463,925 equivalent), its total net asset value is RMB65,163,430 (HK\$63,885,715 equivalent), and its net profit after tax is RMB5,163,430 (HK\$5,062,186 equivalent).

Consideration

Pursuant to the acquisition agreement, Zijin Investment agreed to acquire 10% equity interest of Wuping Zijin from Shanghang Daguangming with cash consideration of RMB9,295,000 (HK\$9,112,745 equivalent). The vendor's original investment cost of 10% equity interest of Wuping Zijin was RMB6,000,000 (HK\$5,882,352 equivalent).

In total, Zijin Investment agreed to acquire 10% equity interest of Wuping Zijin from the party with cash consideration of RMB9,295,000 (HK\$9,112,745 equivalent), and it was arrived at after arm's length negotiations between the parties thereto and on normal commercial terms. The consideration was agreed by reference to various factors including Wuping Zijin's audited net asset value, Wuping Zijin's audited net profit, and the original investment cost of the vendor.

The Company will pay the total consideration RMB9,295,000 (HK\$9,112,745 equivalent) in cash from internal resources within one month from the date of the acquisition agreement. All parties do not have any further financial commitments in this transaction.

The profit sharing of Wuping Zijin will be based on the respective proportionate shareholding interest in Wuping Zijin.

Connected Transaction

As at the date of this announcement, Shanghang Daguangming holds and owns 20% equity interest in Wuping Zijin, an associate company of the Company. Shanghang Daguangming is also a shareholder of Shanghang Zijin and currently owns 49% shareholding of Shanghang Zijin. Shanghang Zijin is a non-wholly-owned subsidiary of the Group, and the Group currently owns 51% of Shanghang Zijin. Shanghang Daguangming is a connected person of the Company pursuant to the Listing Rules. Therefore, any transactions between Shanghang Daguangming and the Group constitutes a connected transaction under Chapter 14A of the Listing Rules.

Board of Directors

The Board of Directors of Wuping Zijin will be changed from 5 directors to 4 directors after the acquisition, of which Shanghang Hydro Power will nominate 2 persons, and Zijin Investment will nominate 2 persons.

REASONS FOR THE PROPOSED TRANSACTION

The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources, and hydro power in the PRC. The investment in hydro power station is a normal course of business of the Company. As a result of the transaction, the Company has an opportunity to increase investment in Wuping Zijin and will enable the Group to have larger share of return in Wuping Zijin. It will help the Group to reduce the cost of power supply for the refinery plants and mines in Zijinshan. Therefore, the Directors including the independent non-executive directors of the Company consider that the transaction and the terms of the Agreement are in ordinary course of business and on normal commercial terms and fair and reasonable and in the interest of the Company and its shareholders as a whole.

GENERAL

The total amount of the consideration of the transaction is less than 2.5% in the relevant percentage (as set out in the Listing Rules) except profit percentage. The proposed transaction constitutes a connected transaction of the Company under 14A.32 of the Listing Rules with exemption on the approval from Independent Shareholders and is subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	(紫金礦業集團股份有限公司) 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
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Shareholder”	any shareholder of the Company that is not required to abstain from voting at a general meeting to approve a connected transaction
“Listing Rules”	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“Minxi Xinghang”	Minxi Xinghang State-owned Assets Investment Co., Ltd. (閩西興杭國有資產投資經營有限公司), a promoter of the Company and an investment company owned by Shanghang County with limited liability
“PRC”	The People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, Macau SAR and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghang Daguangming”	Fujian Shanghang Daguangming Power Group Company Limited (福建省上杭縣大光明電力集團有限公司), a company incorporated in the PRC with limited liability
“Shanghang Hydro Power”	Shanghang County Ting River Hydro Power Company Limited (上杭縣汀江水電有限公司), a limited liability company incorporated in the PRC

“Shanghang Zijin”	Shanghang Zijin Hydro Power Company Limited (上杭縣紫金水電有限公司), a non-wholly-owned subsidiary of the Group and a company incorporated in the PRC with limited liability
“Shareholder(s)”	the shareholder(s) of the Company
“Wuping Zijin”	Wuping County Zijin Hydro Power Company Limited (福建省武平縣紫金水電有限公司), an associate company of the Group and a company incorporated in the PRC with limited liability
“Zijinshan”	Zijinshan, Shanghang County, Fujian, the PRC
“Zijin Investment”	Fujian Zijin Investment Company Limited (福建紫金投資有限公司), a wholly-owned subsidiary of the Group, and a company incorporated in the PRC with limited liability
“%”	per cent

Note: For the purpose of this announcement, unless otherwise specified, amounts denominated in Renminbi have been translated for the purpose of illustration only into Hong Kong dollars at the exchange rate of HK\$1.00 = RMB1.02.

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Liu Xiaochu, Luo Yingnan, Lan Fusheng, Huang Xiaodong, and Zou Laichang as executive directors, Mr. Ke Xiping as non-executive director, and Messrs. Chen Yuchuan, Su Congfu, Lin Yongjing, and Loong Ping Kwan as independent non-executive directors.

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

20 September 2006 Fujian, China.

* *The Company's English name is for identification purpose only*

Please also refer to the published version of this announcement in The Standard.