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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 A NON WHOLLY OWNED SUBSIDIARY**

The Board wishes to announce that the Company entered into two equity interest acquisition agreements on 27 September, 2006 with two connected persons separately — Northwest Bureau, and Xinjiang Jinbao to acquire 20% and 12% equity interest respectively of our subsidiary — Xinjiang Zijin.

As at the date of this announcement, Northwest Bureau and Xinjiang Jinbao hold and own 20% and 12% equity interest respectively in Xinjiang Zijin, a subsidiary of the Company. Northwest Bureau and Xinjiang Jinbao are substantial shareholders of Xinjiang Zijin and connected persons of the Company pursuant to the Listing Rules. Therefore, any transactions between Northwest Bureau and Xinjiang Jinbao, and the Group constitutes a connected transaction under Chapter 14A of the Listing Rules.

The total amount of the consideration of each transaction is less than 2.5% in the relevant percentage (as set out in the Listing Rules) except profit percentage. Each of the acquisitions 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.

FIRST ACQUISITION AGREEMENT

Date: 27 September 2006

Parties:

1. The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC; and
2. Northwest Bureau currently owns 20% equity interest of Xinjiang Zijin. Northwest Bureau mainly carries out mining business in Xinjiang, the PRC.

SECOND ACQUISITION AGREEMENT

Date: 27 September 2006

Parties:

1. The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC; and
2. Xinjiang Jinbao currently owns 12% equity interest of Xinjiang Zijin. Xinjiang Jinbao mainly carries out mining business in Xinjiang, the PRC.

The Company currently owns 68% equity interest of Xinjiang Zijin. The Company will further acquire 20% and 12% equity interest of Xinjiang Zijin from Northwest Bureau and Xinjiang Jinbao respectively pursuant to the acquisition agreements. After the completion of the acquisition agreements, Xinjiang Zijin will be a wholly-owned subsidiary of the Company.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, except for being shareholders of Xinjiang Zijin, Northwest Bureau and Xinjiang Jinbao are independent to each other.

DETAILS OF THE PROPOSED TRANSACTIONS

General

The Board wishes to announce that the Company entered into two equity interest acquisition agreements on 27 September, 2006 with two connected persons separately — Northwest Bureau and Xinjiang Jinbao to acquire 20% and 12% equity interest respectively of a subsidiary — Xinjiang Zijin. After the completion of the acquisition agreements, the Company will own 100% equity interest of Xinjiang Zijin and Xinjiang Zijin will be a wholly-owned subsidiary of the Company.

Xinjiang Zijin's 68% equity interest is currently owned by the Company, its 20% equity interest is currently owned by Northwest Bureau, and its 12% equity interest is currently owned by Xinjiang Jinbao. Northwest Bureau and Xinjiang Jinbao are considered to be connected persons of the Group (as defined by the Listing Rules).

Xinjiang Zijin was formed in August 2004 and is principally engaged in mining business in Xinjiang, the PRC. Its current paid up capital is RMB100,000,000 (HK\$98,039,215 equivalent).

According to an unaudited financial statements prepared under the PRC Generally Accepted Accounting Principles, as at 31 December 2005, Xinjiang Zijin's total value of assets is RMB236,969,296 (HK\$232,322,839 equivalent), its net asset value is RMB115,778,993 (HK\$113,508,816 equivalent), and its profit before and after tax is RMB15,778,993 (HK\$15,469,600 equivalent). As at 31 December 2004, Xinjiang Zijin's total value of assets is RMB104,066,106 (HK\$102,025,594 equivalent), its net asset value is RMB100,000,000 (HK\$98,039,215 equivalent), and no profit or loss is recorded.

Consideration

Pursuant to the acquisition agreements, the Company agreed to acquire 20% equity interest of Xinjiang Zijin from Northwest Bureau with cash consideration of RMB20,000,000 (HK\$19,607,843 equivalent). The Northwest Bureau's original investment cost of 20% equity interest of Xinjiang Zijin was RMB20,000,000 (HK\$19,607,843 equivalent). The Company also agreed to acquire 12% equity interest of Xinjiang Zijin from Xinjiang Jinbao with cash consideration of RMB12,000,000 (HK\$11,764,705 equivalent). The Xinjiang Jinbao's original investment cost of 12% equity interest of Xinjiang Zijin was RMB12,000,000 (HK\$11,764,705 equivalent).

The consideration of each acquisition 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 Xinjiang Zijin's unaudited net asset value, Xinjiang Zijin's unaudited net profit, and the original investment cost of the relevant vendors.

In relation to the acquisition of 20% equity interest from Northwest Bureau, the Company will pay RMB 20,000,000 (HK\$19,607,843 equivalent) from internal sources to Northwest Bureau within one month after the date of the acquisition agreement. In relation to the acquisition of 12% equity interest from Xinjiang Jinbao, the Company will pay RMB12,000,000 (HK\$11,764,705 equivalent) from internal sources to Xinjiang Jinbao within one month after the date of the acquisition agreement. All the agreements are expected to complete by the end of October 2006. All parties do not have any further financial commitments in these transactions.

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

Connected Transaction

As at the date of this announcement, Northwest Bureau and Xinjiang Jinbao hold and own 20% and 12% equity interest respectively in Xinjiang Zijin, a subsidiary of the Company. Northwest Bureau and Xinjiang Jinbao are substantial shareholders of Xinjiang Zijin and connected persons of the Company pursuant to the Listing Rules. Therefore, any transactions between Northwest Bureau and Xinjiang Jinbao, and the Group constitutes a connected transaction under Chapter 14A of the Listing Rules.

Board of Directors

The board of directors of Xinjiang Zijin will not be changed after the acquisition, the Company will nominate all 4 persons as directors of the board of directors of Xinjiang Zijin.

REASONS FOR THE PROPOSED TRANSACTIONS

The Company is principally engaged in the exploration, mining, production, refining and sale of gold and other mineral resources in the PRC. As a result of the transactions, the Company has an opportunity to increase investment in Xinjiang Zijin and will enable the Group to have larger share of return in Xinjiang Zijin. Therefore, the Directors including the independent non-executive directors of the Company consider that the transactions and the terms of the agreements 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 each transaction is less than 2.5% in the relevant percentage (as set out in the Listing Rules) except profit percentage. The proposed transactions constitute connected transactions of the Company under 14A.32 of the Listing Rules with exemption on the approval from Independent Shareholders and is subject to the reporting and announcement requirements set out in Listing Rules 14A.45 to 14A.47.

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
“Northwest Bureau”	(中國冶金地質勘查工程總局西北局) China Metallurgy and Geology Exploration Engineering Bureau Northwest Bureau, a business unit of PRC government
“PRC”	The People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, Macau SAR and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Xinjiang Jinbao”	(新疆金寶礦業有限公司) Xinjiang Jinbao Mining Company Limited, a company incorporated in the PRC with limited liability
“Xinjiang Zijin”	(新疆紫金礦業有限公司) Xinjiang Zijin Mining Company Limited, a subsidiary of the Company 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

27 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.