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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)

## **ANNOUNCEMENT**

### **A SHARE ISSUE, PROFIT FORECAST AND OTHER FINANCIAL INFORMATION**

#### **SUMMARY**

The Board is pleased to announce that following the EGM and Class meetings of the Company, at which, among other things, the proposed A Share Issue was approved, the Company has submitted an application to the CSRC for the A Share Issue and the application version of the A Share Prospectus (which was submitted to the CSRC) has been posted on the website of the CSRC: [www.csrc.gov.cn](http://www.csrc.gov.cn) on 21 December 2007 in compliance with the PRC's laws and regulations for securities issues.

The application version of the A Share Prospectus contains profit forecast for the year ending 31 December 2007 and certain other financial information for the three years ended 31 December 2004, 2005 and 2006 and the six months ended 30 June 2007 which were prepared under the PRC GAAP. This announcement summaries the above mentioned profit forecast and financial information.

**The proposed A Share Issue is subject to approval by the CSRC. There is no assurance that the A Share Issue will proceed. Investors are advised to exercise caution in dealing in the Shares. Further details about the A Share Issue will be disclosed by the Company in newspapers and websites in the PRC when the A Share Issue materialises and the relevant information will be disclosed by the Company in accordance with the Listing Rules.**

This announcement is issued pursuant to the Rule 13.09 of the Listing Rules.

Reference is made to the circulars of the Company dated 8 February 2007 and 9 March 2007 respectively in respect of the proposed A Share Issue. Unless the context requires otherwise, the terms and expressions defined in the circulars shall have the same meanings when used herein.

## **1. A SHARE ISSUE**

The Board is pleased to announce that following the EGM and Class meetings of the Company, at which, among other things, the proposed A Share Issue was approved, the Company has submitted an application to the CSRC for the A Share Issue and the application version of the A Share Prospectus (which was submitted to the CSRC) has been posted on the website of the CSRC: [www.csrc.gov.cn](http://www.csrc.gov.cn) on 21 December 2007 in compliance with the PRC's laws and regulations for securities issues.

A summary of the A Share Issue is set out below:

Type of securities:	Ordinary shares denominated in RMB (A Shares)
Number of shares to be issued:	A maximum of 1,500,000,000 A Shares
Nominal value:	RMB 0.1 per A Share
Issue price:	The issue price of the proposed A Share Issue will be determined by way of customary market consultation and such other ways as approved by CSRC, but the issue price will not be lower than 90% of the higher of (i) the average closing price of the Company's H Shares on the Hong Kong Stock Exchange for the 20 Trading Days preceding to the date of the A Share Prospectus or (ii) the closing price of the Company's H Shares on the Hong Kong Stock Exchange on the Trading Day immediately preceding to the date of the A Share Prospectus.
Stock exchange for the proposed listing of shares:	Shanghai Stock Exchange
Total number of shares in issue after the A Share Issue:	not more than 14,641,309,100 ordinary shares, comprising 4,005,440,000 H Shares and not more than 10,635,869,100 A Shares

Lock up undertaking: Minxi Xinghang State-owned Assets Investment Co., Ltd. undertakes, within 36 months from the date of A Share Issue, not to transfer its Shares or entrust other to manage its Shares or allow the Company to repurchase its Shares

For details of the abovementioned application version of the A Share Prospectus, please refer to the website of the CSRC: [www.csrc.gov.cn](http://www.csrc.gov.cn). The application version of the A Share Prospectus is not, and is not intended to be, an offer of securities of the Company for sale in Hong Kong. The A Share Prospectus has not been and will not be registered under the Companies Ordinance (Chapter 32 of the laws of Hong Kong). This announcement and the A Share Prospectus do not constitute an invitation or offer to acquire, purchase or subscribe for securities of the Company.

## II. PROFIT FORECAST

The Company includes a profit forecast for the year ending 31 December 2007 in the application version of the A Share Prospectus, which was prepared in accordance with the PRC GAAP and based on the assumptions set out in the A Share Prospectus.

A summary of the PRC GAAP Profit Forecast contained in the application version of the A Share Prospectus is set out as follows:

Items	Previous year (audited)	2007 forecast (RMB'0000)		
		January to June (audited)	July to December (forecast)	Combined
<b>Revenue from principal operations</b>	<b>1,077,783</b>	<b>673,862</b>	<b>794,383</b>	<b>1,468,245</b>
Less: Cost of sales	(659,853)	(404,614)	(485,996)	(890,610)
Taxes and surcharges	(9,902)	(6,520)	(9,672)	(16,192)
Add: Profit from other operations	7,759	4,133	3,200	7,333
Less: Operating expenses	(14,308)	(11,028)	(12,185)	(23,213)
General and administrative expenses	(53,484)	(28,920)	(43,882)	(72,802)
Financial expenses	(10,146)	(12,203)	(15,877)	(28,080)
Impairment losses	(924)	(1,000)	(80)	(1,080)
Fair value gains/(losses)	(11,331)	6,859	--	6,859

Losses on forward contracts	(34,746)	(6,774)	--	(6,774)
Investment income	12,426	7,074	6,691	13,765
Including: Share of profits of associates	6,484	5,108	6,691	11,799
<b>Operating profit</b>	<b>303,274</b>	<b>220,869</b>	<b>236,582</b>	<b>457,451</b>
Add: Non-operating income	783	814	51	865
Less: Non-operating expenses	(17,654)	(12,047)	(11,469)	(23,516)
Including: Losses on disposal of non-current assets	(661)	(434)	--	(434)
<b>Total Profit</b>	<b>286,403</b>	<b>209,636</b>	<b>225,164</b>	<b>434,800</b>
Less: Income tax	(51,082)	(45,360)	(42,354)	(87,714)
<b>Net Profit</b>	<b>235,321</b>	<b>164,276</b>	<b>182,810</b>	<b>347,086</b>
Attributable to:				
Equity holders of the parent	169,921	120,145	130,022	250,167
Minority interests	65,400	44,131	52,788	96,919

The Board considers that it would have been more meaningful to the Shareholders in Hong Kong if the PRC GAAP Profit Forecast had been adjusted based on the IFRS and the Company's existing accounting policy. Accordingly, the Company has separately prepared a profit forecast for the year ending 31 December 2007 in accordance with the applicable principles of IFRS and based on certain assumptions.

According to the IFRS Profit Forecast, the Board estimates that the forecast consolidated profit after tax and minority interests but before extraordinary items of the Company for the year ending 31 December 2007 is approximately RMB2,502,430,000.

The principal assumptions based on which the PRC GAAP Profit Forecast and the IFRS Profit Forecast were prepared include:-

- (a) there will be no material changes in existing government policies or in legislations, regulations or rules, or the economic policies in the PRC currently complied with by the Company;
- (b) there will be no material changes in interest rates or foreign exchange rates in the PRC from those currently prevailing;
- (c) there will be no material changes in fiscal, economic, market conditions, or business conditions under which the Company carries on business;
- (d) there will be no material changes in the accounting principles and the organization structures in the Company;

- (e) there will be no material changes in the business scope of the Company;
- (f) there will be no material changes in the bases or rates of taxation or duties in the PRC or any of the territories within which the Company operates;
- (g) the investment projects proposed by the Company will be completed on time;
- (h) the changes in costs and expenses of the Company is under the control of the management; and
- (i) there is no material adverse change resulting from any unforeseeable factors and force majeure events.

The Shareholders and investors should note that the PRC GAAP Profit Forecast and IFRS Profit Forecast only represent the Directors' best estimate of the projected financial results of the Company for the year ending 31 December 2007. Therefore the PRC GAAP Profit Forecast and IFRS Profit Forecast are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the anticipation or control of the Company and upon assumptions with respect to future business decisions which are subject to change. Accordingly, there can be no assurance that the PRC GAAP Profit Forecast and IFRS Profit Forecast will be realized. The prospective financial information presented may vary from actual results, and these variations may be material.

The Shareholders and investors, and potential investors, of the Company's Shares are cautioned to exercise due care and not to place substantial reliance on the PRC GAAP Profit Forecast and IFRS Profit Forecast when making any decision in relation to any investment in or disposal of any of the Company's Shares (or any interest therein).

### III. OTHER FINANCIAL INFORMATION

For the purpose of the A Share Issue, the Company also includes certain financial information of the Company for the six months ended 30 June 2007 and for the three years ended 31 December 2004, 2005 and 2006 in the application version of the A Share Prospectus.

The PRC GAAP Financials were prepared in accordance with the PRC GAAP. The Shareholders and investors, and potential investors, of the Company's Shares are

cautioned to exercise due care and not to place substantial reliance on the PRC GAAP Financials when making any decision in relation to any investment in or disposal of any of the Company's Shares (or any interest therein).

A summary of the PRC GAAP Financials is set out below:-

### Summary of consolidated balance sheet

*(Expressed in Renminbi)*

Items	30 June 2007	31 December 2006	31 December 2005	31 December 2004
Current assets	<b>4,574,827,646</b>	<b>3,679,052,868</b>	<b>1,675,183,981</b>	<b>1,187,215,783</b>
Fixed assets	3,303,148,505	2,802,812,376	1,387,349,756	815,936,415
Long term equity investments	1,749,417,559	873,286,244	444,216,326	77,343,398
Intangible assets	1,063,547,446	985,276,776	589,190,853	439,980,230
Other assets	3,252,119,293	3,012,651,695	1,388,430,082	760,388,613
<b>Total assets</b>	<b>13,943,060,449</b>	<b>11,353,079,959</b>	<b>5,484,370,998</b>	<b>3,280,864,439</b>
Current liabilities	5,300,338,901	3,480,408,072	1,483,390,745	543,055,701
Non-current liabilities	3,236,091,389	2,815,516,471	813,340,779	413,686,726
<b>Total liabilities</b>	<b>8,536,430,290</b>	<b>6,295,924,543</b>	<b>2,296,731,524</b>	<b>956,742,427</b>
Attributable to:				
Equity holders of the parent	3,900,116,581	3,655,711,455	2,379,910,776	1,942,112,365
Minority interests	1,506,513,578	1,401,443,961	807,728,698	382,009,647
<b>Total equity</b>	<b>5,406,630,159</b>	<b>5,057,155,416</b>	<b>3,187,639,474</b>	<b>2,324,122,012</b>

### Summary of consolidated income statement

*(Expressed in Renminbi)*

Items	January to June 2007	2006	2005	2004
Revenue from principal operations	6,738,617,322	10,777,829,039	3,068,774,467	1,518,647,847
Operating Profit	2,208,680,669	3,032,738,121	1,163,089,002	660,165,319
<b>Total Profit</b>	<b>2,096,357,284</b>	<b>2,864,026,474</b>	<b>1,128,180,402</b>	<b>632,923,091</b>

Less: income tax	(453,598,589)	(510,820,911)	(263,828,575)	(178,815,175)
<b>Net Profit</b>	<b>1,642,758,695</b>	<b>2,353,205,563</b>	<b>864,351,827</b>	<b>454,107,916</b>
Attributable to: Equity holders of the parent	1,201,452,120	1,699,203,446	697,924,778	413,857,585
Minority interests	441,306,575	654,002,117	166,427,049	40,250,331

### Summary of consolidated cash flow statement

(Expressed in Renminbi)

Items	January to June 2007	2006	2005	2004
Net cash flows from operating activities	1,456,732,898	2,392,485,675	1,094,368,026	620,506,585
Net cash flows from investing activities	(1,996,949,228)	(3,471,505,392)	(1,856,602,190)	(893,787,246)
Net cash flows from financing activities	836,197,006	2,012,627,177	920,600,495	41,249,115
Net increase/(decrease) in cash and cash equivalents	295,980,676	933,607,460	158,366,331	(232,031,546)

The consolidated financial information of the Company prepared under PRC GAAP would be subject to adjustments if it was prepared under the IFRS which are due to the differences between the PRC GAAP and the IFRS (the “GAAP Differences”). A summary of such GAAP Differences is set out below:

Items	RMB'000			
	2007 (January to June) Net Profit attributable to equity holders of the parent	2006 Net Profit attributable to equity holders of the parent	2005 Net Profit attributable to equity holders of the parent	2004 Net Profit attributable to equity holders of the parent
Prepared under PRC GAAP	1,201,452	1,699,203	697,925	413,857
Reversal of depreciation and amortization arising on revaluation	381	5,311	5,712	3,762
Prepared under the IFRS	1,201,833	1,704,514	703,637	417,619

RMB'000

Items	30 June 2007 Equity attributable to equity holders of the parent	31 December 2006 Equity attributable to equity holders of the parent	31 December 2005 Equity attributable to equity holders of the parent	31 December 2004 Equity attributable to equity holders of the parent
Prepared under PRC GAAP	3,900,117	3,655,711	2,379,911	1,942,112
Reversal of revaluation surplus	(3,304)	(3,684)	(8,995)	(14,707)
Others	--	1	--	(1)
Prepared under the IFRS	3,896,813	3,652,028	2,370,916	1,927,404

As part of the group reorganization for setting up the Company, certain assets, including fixed assets and intangible assets, had been revalued and the increase in the valuation of the relevant assets had been accounted for in the capital reserves in the PRC GAAP Financials. In accordance with the accounting policies under IFRS, all assets are recorded at historical costs. Accordingly, the revaluation of assets and its depreciation and amortization recorded in the PRC GAAP Financials is reversed in the financial information prepared under the IFRS.

#### IV. DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“A Shares”	the ordinary domestic shares of the Company, with a nominal value of RMB0.10 each, to be issued by the Company pursuant to the proposed A Share Issue
“A Share Issue”	the proposed issue of not more than 1,500,000,000 A Shares pursuant to the A Share Prospectus
“A Share Prospectus”	the prospectus to be issued by the Company with respect to the proposed A Share Issue, the application version of which will become available on official website of CSRC on 21 December 2007
“Board”	the board of Directors of the Company
“Class Meetings”	the class shareholders’ meeting of the Company for each of the holders of the H Shares and holders of the Domestic Shares convened on the same date as the EGM to, consider and, if thought fit, approve, among other things, the proposed A Share Issue



“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
“CSRC”	(中國證券監督管理委員會) China Securities Regulatory Commission
“Domestic Shares”	ordinary domestic shares of the Company subscribed for and traded in RMB 0.10 each
“Directors”	the members of the Board of the Company
“EGM”	the extraordinary general meeting of the holders of Domestic Shares and holders of H Shares of the Company convened and held on 26 March 2007 for the purpose of approving, among other things, the proposed A Share Issue
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“H Shares”	the overseas listed foreign invested shares of nominal value of RMB0.10 each in the share capital of the Company, which are listed on the Hong Kong Stock Exchange and subscribed for and traded in HK dollars
“IFRS”	International Financial Reporting Standards
“IFRS Profit Forecast”	a profit forecast for the year ending 31 December 2007 of the Company which was prepared in accordance with the applicable principles of IFRS and based on certain assumptions
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong Special Administrative Region, Macau Administrative Region and Taiwan
“PRC GAAP”	the generally accepted accounting principles in the PRC
“PRC GAAP Financials”	certain financial information of the Company for the six months ended 30 June 2007 and for the three years ended 31 December 2004, 2005 and 2006 which were prepared under the PRC GAAP and which were included in the A Share Prospectus
“PRC GAAP Profit Forecast”	a profit forecast for the year ending 31 December 2007 of the Company which was prepared in accordance with the applicable principles of the PRC GAAP and based on certain assumptions as set out in the A Share Prospectus

“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	The Domestic Share(s) and the H Share(s)
“Shareholders”	Holder(s) of the Domestic Share(s) and the H Share(s)

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinhe (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  
**Zijin Mining Group Co., Ltd.\***  
**Chen Jinghe**  
*Chairman*

Fujian, the PRC, 21 December 2007

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