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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your 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 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)

POSSIBLE CONNECTED TRANSACTION

**Independent Financial Adviser to the Independent Board Committee
and the Independent Shareholders**

 **亞洲資產管理**
ASIA INVESTMENT MANAGEMENT

Asia Investment Management Limited

A letter from the Board is set out on pages 3 to 8 of this circular. A letter from the Independent Board Committee containing its recommendations in respect of the connected transaction is set out on pages 9 to 10 of this circular. A letter from Asia Investment Management Limited, the independent financial adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 11 to 18 of this circular.

The notice, proxy form and reply slip of an EGM of the Company to be held at the Company's conference room at 1st Floor, No. 1 Zijin Road, Shanghang County, Fujian Province, the PRC on 5 November 2009 (Thursday) at 9:00 a.m. are attached to this circular. Whether or not you are able to attend the meeting, please complete and return the enclosed reply slip in accordance with the instructions printed thereon, as soon as possible and in any event not less than twenty days prior to the commencement of the EGM to the office of the Secretary to the Board of the Company at No. 128 Xiangyun Third Road, Huli District, Xiamen, Fujian Province, the PRC. Completion and return of the reply slip, you are able to attend and vote in person or by proxy at the EGM.

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

CONTENTS

	<i>Page</i>
Definitions	1
Letter from the Board	
1. Introduction	3
2. Principal Terms of the Participation in the Bid of Shares Transfer	4
3. Reasons for and benefits of the transaction	5
4. Approval by Independent Shareholders	5
5. Connection between the parties in the transaction	6
6. Information about the Company	6
7. Information about Minxi Xinghang	7
8. Extraordinary general meeting	7
9. Recommendation	7
10. Additional Information	8
Letter from the Independent Board Committee	9
Letter from Asia Investment Management Limited	11
Appendix 1 — General Information	19

DEFINITIONS

In this circular, except where the context otherwise requires, the following terms shall have the following meanings:

“Associates”	has the meaning ascribed in the Listing Rules
“Board”	the board of Directors
“Company”	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 PRC with limited liability
“Director(s)”	the director(s) of the Company
“Domestic Shares”	ordinary shares of nominal value of RMB 0.1 each in the share capital of the Company which were subscribed for or credited as paid up in RMB
“EGM”	the extraordinary general meeting of the Company to be held for the purpose of approving the participation in the bid and other proposals
“Group”	the Company and its subsidiaries
“H Shares”	foreign invested shares of nominal value of RMB 0.1 each in the share capital of the Company listed on the Stock Exchange
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company constituted for the purpose of the participation of the bid, comprising four independent non-executive directors
“Independent Shareholders”	shareholders of the Company other than Minxi Xinghang and its respective associates (as defined in the Listing Rules)
“Latest Practicable Date”	8 September 2009, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein
“Listing Rules”	The Rules Governing the Listing of Securities on the 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 government owned company incorporated in the PRC with limited liability, currently owns approximately 28.96% shareholding of the Company

DEFINITIONS

“PRC”	the People’s Republic of China, but for the purpose of this circular, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	the shareholder(s) of the Company
“Share Purchase Agreement”	a share purchase agreement expected to be signed between the Company and the Minxi Xinghang in relation to the acquisition of the 50% equity interest in Zijin Copper (if and after the Company’s bid is successful)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Zijin Copper”	Zijin Copper Company Limited (紫金銅業有限公司), a limited company incorporated in the PRC with limited liability
“%”	per cent

LETTER FROM THE BOARD



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

Huang Xiaodong

Zou Laichang

Non-executive Director:

Peng Jiaqing

Independent Non-executive Directors:

Chen Yuchuan

Su Congfu

Lin Yongjing

Loong Ping Kwan

*Registered Office and Principal Place
of Business:*

No.1 Zijin Road, Shanghang County
Fujian Province
The PRC

Place of Business in Hong Kong:

Suite 1601, Sino Plaza
255-257 Gloucester Road
Causeway Bay
Hong Kong

19 September 2009

To the Shareholders

Dear Sir or Madam,

POSSIBLE CONNECTED TRANSACTION

1. INTRODUCTION

Reference is made to announcement dated 11 September 2009. The Board of the Company wishes to announce that the Company will participate in a bid for 50% equity interest of Zijin Copper which is sold by the Company's substantial shareholder, Minxi Xinghang on or before 15 October 2009. On 10 September 2009, the Board passed a resolution to participate in the bid and table this transaction for the Independent Shareholders' approval. It is expected that Longyan City Equity Exchange will announce the results of the bid on 16 October 2009. Due to the restrictions of the terms and conditions, the bidders could not withdraw their bids. Thus, the bid of the Company, if accepted, will constitute a connected transaction.

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

LETTER FROM THE BOARD

As at the Latest Practicable Date, Minxi Xinghang currently owns approximately 28.96% shareholding of the Company. Minxi Xinghang is a connected person of the Company as defined under the Listing Rules. Therefore, any transaction between Minxi Xinghang and the Company constitutes a connected transaction under Chapter 14A of the Listing Rules. The total amount of the consideration of the transaction is more than 0.1% but less than 2.5% in the relevant percentage ratios (as set out in the Listing Rules) except profit percentage ratio. 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. Even though this connected transaction is not required to be approved by the Independent Shareholders under the Listing Rules, the Board decided to table this transaction to obtain the Independent Shareholders' approval.

The Company has appointed Asia Investment Management Limited as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the participation in the bid of shares transfer. The Independent Shareholders will be asked to consider, if thought fit, approve by poll the participation in the bid of shares transfer.

The purpose of this circular is to provide (i) details of the participation in the bid of shares transfer; (ii) a letter from Asia Investment Management Limited to the Independent Board Committee containing its advice to the Independent Board Committee and the Independent Shareholders on the approval of the participation in the bid of shares transfer; (iii) the recommendation of the Independent Board Committee regarding the approval of the participation in the bid of shares transfer; and (iv) to seek your approval at the EGM of the ordinary resolution referred to herein.

Pursuant to the Listing Rules, Minxi Xinghang and its respective associates (as defined in the Listing Rules) are required to abstain from voting in the EGM in respect of the participation in the bid of shares transfer.

2. PRINCIPAL TERMS OF THE PARTICIPATION IN THE BID OF SHARES TRANSFER

Date:

on or before 15 October 2009

Parties:

1. Minxi Xinghang, currently owns approximately 28.96% shareholding of the Company, is a government owned domestic company incorporated in the PRC with limited liability and is principally engaged in investment in Fujian, the PRC; and
2. The Company, is principally engaged in the mining, production, refining and sale of gold and other mineral resources in the PRC.

The Company is currently holding 50% of Zijin Copper. Minxi Xinghang currently holds and owns 50% equity interest in Zijin Copper. After the completion of the Share Purchase Agreement (which will only be signed if the Company's bid is successful), the Company will hold 100% equity interest in Zijin Copper and Zijin Copper will be a wholly-owned subsidiary of the Company.

LETTER FROM THE BOARD

Zijin Copper was incorporated in March 2009 and it is principally engaged in building and operation a 200,000 tonnes/year copper refinery plant in Shanghang County, Fujian Province. Its current registered capital is RMB1 billion, its paid-up capital is RMB200 million. The Company contributed capital of RMB100 million and owns 50% equity interest in Zijin Copper, and Minxi Xinghang contributed capital of RMB100 million and owns 50% equity interest in Zijin Copper.

According to an audited financial statements prepared under the PRC generally accepted accounting principles, as at 31 July 2009, Zijin Copper's total asset value was RMB211,065,525 (approximately HK\$239,847,187), its net asset value was RMB199,779,946 (approximately HK\$227,022,666), its loss before and after tax and extraordinary items for the period from March 2009 to July 2009 was RMB220,054 (approximately HK\$250,061).

This bid will be convened in Longyan City Equity Exchange pursuant to the "Temporary Management Policy of National Assets Transfer" and other national assets transfer related laws, regulations and policies. A participant is required to pay RMB20 million deposit. The Company will pay it from its internal cash sources. This deposit will be refunded if the Company's bid is not successful. If the Company's bid is successful, the deposit will be used to deduct part of the consideration.

Board representation and management

If the Company's bid is successful, the Group will nominate all directors to the board of directors of Zijin Copper upon the completion of the transaction.

3. REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors including the independent non-executive directors believe that the terms of the transaction are fair and reasonable and in the best interests of the shareholders as a whole.

If the bid is successful, it will be a good chance for the Company to turn Zijin Copper into a wholly-owned subsidiary and it will also be able to accelerate the design and construction, and streamline the management arrangement of the copper refinery project, and promote the integrated economic strength of Company in the mining industry of the PRC. This investment will provide a steady source of income to the Company in the future.

4. APPROVAL BY INDEPENDENT SHAREHOLDERS

Participation in Bid of Shares Transfer

The period for Minxi Xinghang to accept bid for its 50% equity interest of Zijin Copper will be from 9 September 2009 to 15 October 2009 and its bottom price is RMB103.98 million. The Company's bidding price is expected not to exceed 1.1 times of the bottom price (RMB114,378,000) to bid the 50% equity interest of Zijin Copper through Longyan City Equity Exchange. The Company's bidding price is determined with reference to Minxi Xinghang's RMB100 million capital injection and its interest incurred. The bid price will be financed from its internal cash resources. The total expected investment amount to be made by Zijin Copper will be approximately RMB2.6 billion, in which

LETTER FROM THE BOARD

RMB1.2 billion will be additionally contributed by the Company from internal cash resources and banking finance after the completion of the transaction (if the Company's bid is successful). It is expected that the company's bidding price will be settled within 30 days after the Independent Shareholders' approval (if the Company's bid is successful).

According to the form of the Share Purchase Agreement, completion will be subject to all approval and consents as required by all applicable laws and regulations (including rules of any stock exchange). Thus, completion of the acquisition under the Share Purchase Agreement will also be subject to the Independent Shareholders' approval if the Company's bid is successful.

Completion will take place within 60 days after satisfaction of all conditions or such other date as agreed to by the parties to this transaction.

Minxi Xinghang currently owns approximately 28.96% shareholding of the Company. Minxi Xinghang is a connected person of the Company as defined under the Listing Rules. Therefore, any transaction between Minxi Xinghang and the Company constitutes a connected transaction under Chapter 14A of the Listing Rules. The total amount of the consideration of the transaction is more than 0.1% but less than 2.5% in the relevant percentage ratios (as set out in the Listing Rules) except profit percentage ratio. 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.

Even though this connected transaction is not required to be approved by the Independent Shareholders under the Listing Rules, the Board decided to table this transaction to obtain the Independent Shareholders' approval.

5. CONNECTION BETWEEN THE PARTIES IN THE TRANSACTION

As at the Latest Practicable Date, Minxi Xinghang currently owns approximately 28.96% shareholding of the Company. Minxi Xinghang is a connected person of the Company as defined under the Listing Rules. Therefore, any transaction between Minxi Xinghang and the Company constitutes a connected transaction under Chapter 14A of the Listing Rules. The total amount of the consideration of the transaction is more than 0.1% but less than 2.5% in the relevant percentage ratios (as set out in the Listing Rules) except profit percentage ratio. 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. Even though this connected transaction is not required to be approved by the Independent Shareholders under the Listing Rules, the Board decided to table this transaction to obtain the Independent Shareholders' approval.

6. INFORMATION ABOUT THE COMPANY

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

LETTER FROM THE BOARD

7. INFORMATION ABOUT MINXI XINGHANG

Minxi Xinghang, currently owns approximately 28.96% shareholding of the Company, is a government owned domestic company incorporated in the PRC with limited liability and is principally engaged in investment in Fujian, the PRC.

Minxi Xinghang currently owns approximately 28.96% shareholding of the Company. Minxi Xinghang is a connected person of the Company as defined under the Listing Rules.

8. EXTRAORDINARY GENERAL MEETING

The Directors have resolved to convene the EGM to consider and, if thought fit by the Independent Shareholders, to approve the participation in the bid. Notice of the EGM is attached to this circular. Whether or not you are able to attend the EGM, please complete and return the enclosed proxy form in accordance with the instructions printed thereon, as soon as possible and in any event not less than 24 hours prior to the commencement of the EGM to the Secretary to the Board office of the Company at No. 128 Xiangyun Third Road, Huli District, Xiamen, Fujian Province, The PRC (Fax: (86) 592-396 9667). Completion and return of the proxy form will not preclude you from attending and voting at the EGM should you so wish.

9. RECOMMENDATION

The Directors consider that the participation in the bid are in the best interests of the Company and its shareholders as a whole and is fair and reasonable as far as the Independent Shareholders are concerned.

The Independent Board Committee comprising four independent non-executive Directors of the Company has been appointed to advise the Independent Shareholders in respect of the participation in the bid. Asia Investment Management Limited has been appointed as independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the same.

After taking into account the reasons for and benefits of the participation in the bid, and the opinion of Asia Investment Management Limited, the Independent Board Committee considers that the participation in the bid is fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the participation in the bid.

All connected persons or shareholders with a material interest in the transaction and its Associates shall abstain from voting in approving the participation in the bid.

Minxi Xinghang and its respective associates (as defined in the Listing Rules) are required to abstain from voting in the EGM in respect of the participation in the bid.

The Independent Shareholders will be asked to consider and, if thought fit, approve by poll the participation in the bid at EGM.

LETTER FROM THE BOARD

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 resolution set out in this circular have been passed by the Independent Shareholders.

10. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee and the letter of advice from Asia Investment Management Limited and information set out in the appendix to this circular.

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

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

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

Independent Non-executive Directors:

Chen Yuchuan

Su Congfu

Lin Yongjing

Loong Ping Kwan

Registered Office and

Principal Place of Business:

No.1 Zijin Road, Shanghang County

Fujian Province

The PRC

19 September 2009

To the Independent Shareholders

Dear Sir or Madam,

POSSIBLE CONNECTED TRANSACTION

We refer to this circular dated 19 September, 2009 issued by the Company to its Shareholders, of which this letter forms part. Unless the context otherwise requires, terms defined in this circular shall have the same meanings when used in this letter.

As the Independent Board Committee, we have been appointed to advise the Independent Shareholders as to whether, in our opinion, the participation in the bid is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable so far as the Independent Shareholders are concerned. None of the members of the Independent Board Committee have any direct or indirect interest in the participation in the bid. In addition, Asia Investment Management Limited has been appointed as independent financial adviser.

We wish to draw your attention to (i) the letters of advice from Asia Investment Management Limited as set out on pages 11 to 18 of this circular; and (ii) the letter from the Board on pages 3 to 8 of this circular, which set out information relating to, and the reasons for and benefits of the participation in the bid.

As the Company's independent non-executive Directors, we have discussed with the management of the Company the reasons for and benefits of the participation in the bid and the basis upon which their terms have been determined. We have considered the factors and reasons considered by, and the opinions and recommendations of, Asia Investment Management Limited as set out on pages 11 to 18 of this circular. We concur with the view of Asia Investment Management Limited that the

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

participation in the bid is in the interests of the Company and the Shareholders as a whole and the terms of which are fair and reasonable as far as the Independent Shareholders are concerned. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution approving the participation in the bid to be proposed at the EGM.

Yours faithfully,
The Independent Board Committee of
Zijin Mining Group Co., Ltd.*
Chen Yuchuan
Su Congfu
Lin Yongjing
Loong Ping Kwan

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LETTER FROM ASIA INVESTMENT MANAGEMENT LIMITED

The following is the full text of a letter from Asia Investment Management Limited for the purpose of incorporation in this circular, in connection with its advice to the Independent Board Committee and the Independent Shareholders in relation to the participation in the bid.



Asia Investment Management Limited

Unit B, 14/F, Vulcan House,

21-23 Leighton Road,

Causeway Bay, Hong Kong

19 September 2009

*To the Independent Board Committee and
the Independent Shareholders of
Zijin Mining Group Co., Ltd.*

Dear Sirs,

POSSIBLE CONNECTED TRANSACTION

INTRODUCTION

We refer to our engagement as the independent financial adviser to the independent board committee (the “Independent Board Committee”) and the independent shareholders (the “Independent Shareholders”) of the Company in relation to the proposed participation in a bid for a 50% equity interest of Zijin Copper Company Limited, which is intended to be sold by Minxi Xinghang State-owned Assets Investment Co., Ltd. (the “Transaction”), details of which are contained in an announcement of the Company dated 11 September 2009 (the “Announcement”) and in the letter from the board (the “Letter from the Board”), as set out on page 3 to page 8 of the circular of the Company dated 19 September 2009 (the “Circular”) to the shareholders of the Company of which this letter forms part. Asia Investment Management Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders as to whether or not the terms of the Transaction are fair and reasonable so far as the Independent Shareholders are concerned. Capitalised terms used in this letter have the same meanings as defined in the Circular of which this letter forms part unless the content otherwise requires.

Minxi Xinghang currently owns approximately 28.96% of the issued share capital of the Company and is therefore a connected person of the Company as defined under the Listing rules. Accordingly, any transaction between Minxi Xinghang and the Company constitutes a connected transaction under Chapter 14A of the Listing Rules. As the proposed maximum consideration as contemplated under the bid is more than 0.1% but less than 2.5% in the relevant percentage ratios (except for the profit percentage ratio) (as set out in the Listing Rules), the Transaction is subject to the reporting and announcement requirements as set out in Rules 14A.45 to 14A.47 of the Listing Rules but is exempted from requirement of the Independent Shareholders’ approval pursuant to Rule

LETTER FROM ASIA INVESTMENT MANAGEMENT LIMITED

14A.32 of the Listing Rules. However, the Board decided to table the Transaction voluntarily to seek approval from the Independent Shareholders of the Transaction by way of poll at the EGM. Since Minxi Xinghang is the substantial Shareholder, Minxi Xinghang and its associates will abstain from voting during the EGM.

An Independent Board Committee, comprising Messrs. Chen Yuchuan, Su Congfu, Lin Yongjing and Loong Ping Kwan, being the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to the Transaction.

BASIS OF OUR OPINION

In formulating our opinion and recommendations, we have reviewed, inter alia, the Announcement, the audited financial statements of Zijin Copper prepared under the PRC general accepted accounting principles for the four months ended 31 July 2009, 《企業國有產權轉讓管理暫行辦法》 (Temporary Management Policy of National Assets Transfer) (the “Management Policy”). We have also reviewed certain information and facts provided by the management of the Company relating to the operations, financial condition and prospects of the Group. We have also (i) considered such other information, analyses and market data as we deemed relevant; and (ii) conducted discussions with the management of the Company regarding the terms of the Transaction, the businesses and the future outlook of the Group. We have assumed that all information, opinions, statements, and representations made to us or as contained in the Circular, are true, accurate and complete in all material respects as at the date hereof and we have relied upon them in formulating our opinion. We have also assumed that all information, representations and opinions contained or referred to in the Circular are fair and reasonable and have relied on them.

All Directors jointly and severally accept full responsibility for the accuracy of the information contained in the Circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no other facts not contained in the Circular, the omission of which would make any statement in the Circular misleading. We consider that we have been provided with, and we have reviewed, all currently available information and documents which are available under present circumstances to enable us to reach an informed view regarding the terms of, and reasons for, the Transaction and to justify reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis of our opinion. We have no reason to suspect that any material information has been withheld by the Directors or management of the Company, or is misleading, untrue or inaccurate. We have not, however, for the purpose of this exercise, conducted any independent detailed investigation or audit into the businesses or affairs or future prospects of the Group. Our opinion is necessarily based on financial, economic, market and other conditions in effect, and the information made available to us, at the date of the Circular.

This letter is issued for the information for the Independent Board Committee and the Independent Shareholders solely in connection with their consideration of the Transaction, and, except for its inclusion in the Circular, is not to be quoted or referred to, in whole or in part, nor shall this letter be used for any other purposes, without our prior written consent.

LETTER FROM ASIA INVESTMENT MANAGEMENT LIMITED

PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion in respect of the terms of the Transaction, we have considered the following principal factors and reasons:

The backgrounds to the Transaction

The principal businesses of the Company are mining, production, refining and sale of gold and other mineral resources in the PRC. Minxi Xinghang is a government-owned domestic company established in the PRC with limited liability with principal business of making investments in Fujian, the PRC.

On 8 January 2009, the Company and Minxi Xinghang entered into a joint venture agreement in relation to the formation of Zijin Copper to be engaged in the copper refinery business in the PRC. Since established, Zijin Copper has been owned as to 50% by the Company and 50% by Minxi Xinghang, respectively. The expected total investment amount in Zijin Copper is expected to be approximately 2.6 billion. The registered capital of Zijin Copper would be RMB1 billion, the Company will invest RMB500 million in cash and Minxi Xinghang will invest RMB500 million in cash. Each of the parties respectively invested RMB100 million as initial capital injection. Currently, the copper refinery production facilities of Zijin Copper which has an expected production capacity of 200,000 tonnes per year are under construction at its initial stage.

As advised by the management of the Company, the copper business is one of the core businesses in terms of the contribution to the sales income and profit of the Group. As noted from the 2008 annual report of the Company, the Group produced approximately 61,408.58 tonnes of copper for the year ended 31 December 2008, representing a growth of approximately 29.98% over that of 2007. Sales income of the Group from the copper business represented approximately 14.69% of the total sales income of the Group and net profit from the copper business represented approximately 29.63% of the total net profit attributable to the equity holders of the parent company.

As noted from the 2009 interim results announcement of the Company, the Group produced approximately 38,165.73 tonnes of copper for the six months ended 30 June 2009, representing a growth of approximately 59.1% when compared with the same period in 2008. Sales income of the Group from the copper business for the 6 months ended 30 June 2009 represented approximately 10.0% of the total sales income of the Group and net profit from the copper business represented approximately 14.3% of the total net profit attributable to the equity holders of the parent company.

Zijin Copper is a jointly controlled entity of the Company and has been equity accounted for in the Group's financial statements. According to the audited financial statements of Zijin Copper prepared under the PRC generally accepted accounting principles, as at 31 July 2009, the total assets and the net assets of Zijin Copper amounted to approximately RMB211.1 million (equivalent to approximately HK\$239.8 million) and approximately RMB199.8 million (equivalent to approximately HK\$227 million), respectively. The loss before and after tax and extraordinary items for the 4 months ended 31 July 2009 was approximately RMB220,054 (equivalent to approximately HK\$250,061).

LETTER FROM ASIA INVESTMENT MANAGEMENT LIMITED

It was stated in the 2008 annual report of the Company that it is the Group's strategy to use the best possible opportunities during the low seasons of the mining industry to plan its future development by expanding the effective production capacity, capturing the market opportunities and striving for continuing growth. Accordingly, the Transaction is consistent with the business development strategy of the Group.

The reasons for, and the benefits of, the Transaction

The Directors have conducted a review of the Group's assets and resources in the various business segments with a view to streamlining its operations. Although the recent financial tsunami has adversely affected the demand for, and the price of, copper and copper-related products, the Directors are of the view that the Group should continue to focus on the businesses which it has the material exposure to, both financially and operationally, and to explore the opportunities for acquisition of assets or businesses whose values have been underestimated during the low seasons. The Directors consider that it is strategically a good time for the Group to seize the opportunity to expand its copper refinery business during the sluggish business environment. The Directors believe that by the time when the copper refinery operations of Zijin Copper commences, which is expected to be in 2012, the financial crisis may have been over or the effects of such crisis on businesses generally may be substantially eliminated and if the demand for the copper and related products increases, the Group would be able to capture the upside business potential if it increases its investment holding in Zijin Copper now.

In order to assess the commercial justifications of the Group to implement the Transaction, we have conducted research from public information which is set out as follows:

According to an article titled "Australian commodities" published on the website (www.abare.gov.au) by the Australian Government in June 2009, China imported approximately 1.4 million tonnes of refined copper in the first five months of 2009, which was an increase of approximately 130% compared with the same period last year. In the first three months of 2009, China's apparent consumption of refined copper increased by approximately 33% year-on-year. The PRC State Council's RMB4 trillion stimulus package, which significantly targeted in domestic infrastructure development in the PRC, has increased demand for copper for use in electrical distribution networks, and residential and commercial construction. For the whole year of 2009, China's copper consumption is forecasted to increase by approximately 15% to nearly 6 million tonnes, as construction activities remain strong and strategic stock building continues throughout the year. Reduced availability of copper scrap is also likely to support Chinese consumption of refined copper in 2009. In the first five months of 2009, China's imports of copper scrap declined by 40% year-on-year. With scrap availability likely to remain constrained in 2009, continued substitution of refined copper for copper scrap is likely to occur. It is stated in the article that world copper consumption is forecasted to decline by around 4% in 2009 to approximately 17.2 million tonnes as a result of the world economic activity contracts.

LETTER FROM ASIA INVESTMENT MANAGEMENT LIMITED

The commentary above demonstrated that the copper refinery industry in the PRC shall remain prosperous. Despite the recent market condition under the shadow of the credit crunch and financial turmoil, it is believed that the long-term economic development of the copper refinery industry and thus the demand for copper in the PRC shall remain optimistic. Taking into account there may be a continual growth in the copper consumption in China, we consider it commercially justifiable for the Group to implement the Transaction.

We have enquired with the Directors as to the possibility of acquiring similar interests or investments from other independent third parties. Other than acquiring the equity interests in Zijin Copper through an open bidding process, we believe that it would be difficult for the Company to find within a reasonable period of time a suitable target for acquisition. The Group had done its due diligence when it established its investment in Zijin Copper, and if it is to acquire a different target now, it has to undergo the same due diligence exercise again and that due diligence by the Group as a prospective buyer, particularly as a trade competitor, would be expensive, time consuming and often considered as disruptive and damaging by a selling party which would easily effected in a sale not capable of being concluded. The Directors consider that the transfer of equity interest of Zijin Copper, through an open bidding, would be the most fair and amicable way to allow all potential buyers, including the Company, to participate in the bid. As the Company is already familiar with the copper refinery business in Zijin Copper and has had a continuing involvement in the operations and management of Zijin Copper, the acquisition of the 50% interests in Zijin Copper in the event that the Company succeeds in the bid will lead to a smooth ownership transfer from Minxi Xinghang to the Company which will be cost effective to the Group and at the same time, will not cause any unnecessary disruptions to the business of Zijin Copper.

Through the Transaction, the Company would be able to consolidate absolute control over Zijin Copper such that the Group would be able to exercise its full management and operation role in Zijin Copper; to accelerate the design, construction and the launch of the copper refinery project; to focus its management resources on projects where it has the majority and operational control so as to promote and enhance its position in the mining industry in the PRC.

Furthermore, the Transaction will help to reduce and eliminate connected transactions between the members of the Group and its holding company and has the advantage of eliminating all likely business conflicts and competition between the companies and ensuring the most efficient application of financing means and management.

Taking into account the above reasons for, and the benefits of, the Transaction, we concur with the view of the Directors that the Company has justifiable reasons and operational benefits to consolidate its absolute control over Zijin Copper and that the Transaction is in line with the Group's business strategy to streamline and rationalize its business interests. We are of the view that the implementation of the Transaction is in the interest of the Company and the Shareholders as a whole.

LETTER FROM ASIA INVESTMENT MANAGEMENT LIMITED

Principal terms of the Agreement

Asset being acquired

A 50% equity interest in Zijin Copper

Consideration

As stated in the Letter from the Board, the period for Minxi Xinghang to accept bid for its 50% equity interest of Zijin Copper will be from 9 September 2009 to 15 October 2009 and its bottom price is approximately RMB103.98 million. The Company's bidding price is expected not to exceed 1.1 times of the bottom price (i.e. approximately RMB114.38 million) to bid the 50% equity interest in Zijin Copper. As advised by the management of the Company, the price is determined on an arm's length basis with reference to the amount of capital contributed by Minxi Xinghang of RMB100 million and interest incurred thereon. The bid price will be financed from the Group's internal cash resources. The total expected investment amount to be made will be approximately RMB2.6 billion, in which approximately RMB1.2 billion will be additionally contributed by the Company from internal cash resources and banking finance after completion of the Transaction (assuming the Company's bid is successful). In the event that the Company's bid is successful, it is expected that the bidding price will be settled by the Company within 30 days after the shareholders' approval.

Moreover, the Company, as a bidding participant, is required to pay RMB20 million deposit which will be refunded if the Company's bid is not successful or otherwise be used to deduct part of the consideration.

As noted from the Letter from the Board, the bidding process will be convened in Longyan City Equity Exchange pursuant to the Management Policy and other national assets transfer related laws, regulations and policies.

Conditions precedent

According to the form of Share Purchase Agreement, completion will be subject to all approval and consents as required by all applicable laws and regulations (including rules of any stock exchange). Thus, completion of the acquisition contemplated under the Share Purchase Agreement will also be subject to the Independent Shareholders' approval if the Company's bid is successful.

Completion will take place within 60 days after satisfaction of all conditions or such other date as agreed to by the parties to this transaction.

Conclusion

Having considered that (i) the price under the bid is determined with reference to the amount of capital contributed by Minxi Xinghang of RMB100 million and interest incurred thereon; and (ii) the bidding process will be convened in recognized equity exchange pursuant to the Management

LETTER FROM ASIA INVESTMENT MANAGEMENT LIMITED

Policy and other relevant rules and regulations which are applicable for transferring State-owned assets, we consider that the terms of the Transaction are at arm's length, on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Expected financial impact on the Group as a result of the Transaction

Earnings

Currently, the results of Zijin Copper are equity accounted for in the consolidated accounts of the Group. Upon completion of the acquisition of Zijin Copper, Zijin Copper will become a wholly-owned subsidiary of the Company and the results of the 100% equity interest in Zijin Copper will be consolidated in the future accounts of the Group.

Net assets

As noted from the unaudited consolidated financial statements of the Group, the net assets of the Group as at 30 June 2009 was approximately RMB20,078 million. Subsequent to the Transaction, there will be an increase in asset value represented by the property, plant and equipment of the Group. However, such increase in the value of the property, plant and equipment would be offset by the reduction in the cash and cash equivalents.

As confirmed by the management of the Company, there would be no material impact on the Group's net assets as a result of the implementation of the Transaction.

Gearing and working capital

According to the PRC audited accounts of Zijin Copper for the 4 months ended 31 July 2009, Zijin Copper has recorded no borrowing as at 31 July 2009. There should be no impact on the gearing ratio of Group as a result of the Transaction.

As confirmed by the management of the Company, there would be no material impact on the Group's working capital position as a results of the implementation of the Transaction.

Conclusion

Taking into account that the implementation of the Transaction would not cause any material adverse impact to the Group, we consider the Transaction, overall, is in the interests of the Company and the Shareholders as a whole.

LETTER FROM ASIA INVESTMENT MANAGEMENT LIMITED

OPINION

In arriving at our opinion, we have considered the principal factors and reasons discussed above, in particular:

- (i) the reasons for, and benefits of, the Transaction;
- (ii) the terms of the Transaction; and
- (iii) the expected financial impact on the Group as a result of the Transaction.

Having considered the above principal factors and based on the information provided and the representations made to us, we are of the opinion that the Transaction is on normal commercial terms and is fair and reasonable, and that the Transaction is in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend to the Independent Shareholders to vote in favour of the resolution(s) to be proposed at the EGM to approve the Transaction.

Yours faithfully,

For and on behalf of

Asia Investment Management Limited

Alice Kan

Managing Director

Hidulf Kwan

Associate Director

1. RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading.

2. SHARE CAPITAL

As at the Latest Practicable Date, the total number of issued shares of the Company is 14,541,309,100, comprising 10,535,869,100 Domestic Shares, and 4,005,440,000 H Shares listed on the Stock Exchange.

3. DISCLOSURE OF INTERESTS OF THE DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OF THE COMPANY

As at the Latest Practicable Date, the interests of the Directors, Supervisors or the chief executive of the Company in the shares or equity or debt securities of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which the Directors are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange are as follows:

(1) Shareholding in the Company:

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
Chen Jinghe	87,000,000	Personal	Long	0.83%	0.60%
Liu Xiaochu	4,828,350	Personal	Long	0.05%	0.03%
Luo Yingnan	5,000,000	Personal	Long	0.05%	0.03%
Lan Fusheng	5,000,000	Personal	Long	0.05%	0.03%
Zou Laichang	1,000,000	Personal	Long	0.01%	0.01%

Supervisor	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
Lan Liying (Note 1)	670,000	Personal	Long	0.01%	0.01%

Note 1: Our Supervisor Ms. Lan Liying holds 500,000 Domestic Shares in the Company, her husband Mr. Lan Dongwen holds 170,000 Domestic Shares in the Company, Ms. Lan Liying is accordingly deemed as being interested in such shares under Section 316 of the SFO, therefore, Ms. Lan Liying holds 670,000 Domestic Shares in total.

Save as disclosed in this circular, as at the Latest Practicable Date, none of the Directors, Supervisors or the chief executive of the Company had any interest or short position in the shares, underlying shares and debentures of the Company (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Director is taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to section 352 of the SFO to be entered into the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, to be notified to the Company and the Stock Exchange.

4. SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to the directors and chief executive of the Company, the persons, other than a Director or chief executive of the Company, who had an interest or a short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO were as follows:

Name of Shareholder	Class of shares	Number of shares/equity interest held	Approximate percentage of the total number of issued shares	Approximate percentage of total number of issued Domestic shares	Approximate percentage of total number of issued H shares	Long/short positions
Minxi Xinghang State-owned Assets Investment Co., Ltd.	Domestic Shares	4,210,902,120	28.96%	39.97%	—	Long
Xinhuadu Industrial Group Company Limited	Domestic Shares	1,729,000,000 (Note 1)	11.89%	16.41%	—	Long
Chen Fashu	Domestic Shares	1,784,557,527 (Note 2)	12.27%	16.94%	—	Long
Barclays PLC	H Shares	359,808,300 (Note 3)	2.47%	—	8.98%	Long
Barclays PLC	H Shares	896,000 (Note 4)	0.01%	—	0.02%	Short
Blackrock, Inc.	H Shares	353,913,345 (Note 5)	2.43%	—	8.84%	Long
Blackrock, Inc.	H Shares	1,900,000 (Note 6)	0.01%	—	0.05%	Short

Notes:

- (1) Xinhuadu Industrial Group Company Limited holds 1,729,000,000 Domestic Shares in the Company.
- (2) Mr. Chen Fashu holds 55,557,527 Domestic Shares in the Company. Mr. Chen Fashu also holds 73.56% interests in the issued share capital of Xinhuadu Industrial Group Company Limited. Under Section 316 of the SFO, Mr. Chen Fashu is deemed to be interested in 1,729,000,000 Domestic Shares in the Company. Therefore, Mr. Chen Fashu is deemed to be interested in 1,784,557,527 Domestic Shares in the Company.
- (3) Barclays PLC is interested in 359,808,300 H Shares (Long position) of the Company (representing approximately 8.89% of the total issued H Shares), through Barclays PLC's controlled corporations including Barclays Bank PLC and Barclays Global Investors UK Holdings Limited. 32,766,300 H Shares of which were held through Barclays Global Investors Ltd. 624,000 H Shares of which were held through Barclays Global Investors Holdings Deutschland GmbH and Barclays Global Investors (Deutschland) AG. 326,418,000 H Shares of which were held through Barclays Global Investors Finance Limited and Barclays California Corporation's controlled corporations including 22,604,000 H shares were held through Barclays Global Investors, N.A., 303,814,000 H Shares were held through Barclays Global Investors, N.A. and Barclays Global Fund Advisors.

- (4) Barclays PLC is interested in 896,000 H Shares (Short position) of the Company (representing approximately 0.02% of the total issued H Shares) which were held through Barclays PLC's controlled corporations including Barclays Bank PLC, Barclays Global Investors UK Holdings Limited, Barclays Global Investors Finance Limited, Barclays California Corporation and Barclays Global Investors, N.A.
- (5) BlackRock, Inc. is interested in 353,913,345 H Shares (Long position) of the Company (representing approximately 8.84% of the total issued H Shares) through BlackRock, Inc.'s controlled corporations including BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Advisors Holdings, Inc. and its controlled corporation, BlackRock International Holdings, Inc. 227,807,000 H Shares of which were held through BlackRock (Channel Islands) Limited. 11,687,750 H Shares of which were held through BlackRock US Newco, Inc. and BlackRock Advisors, LLC. 103,062,095 H Shares of which were held through BlackRock Group Limited's controlled corporations including BlackRock Investment Management (UK) Limited, BlackRock International Limited and BlackRock (Netherlands) B.V. 10,025,000 H Shares of which were held through BlackRock Cayco Ltd., BlackRock Trident Holding Company Limited, BlackRock Japan Holdings GK and BlackRock Japan Co. Ltd. 1,331,500 H Shares of which were held through Trident Merger, LLC and BlackRock Investment Management, LLC.
- (6) BlackRock, Inc. is interested in 1,900,000 H Shares (Short position) of the Company (representing approximately 0.05 % of the total issued H Shares) which were held through BlackRock, Inc.'s controlled corporations including BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Advisors Holdings, Inc., BlackRock US Newco, Inc. and BlackRock Advisors, LLC

Save as disclosed above, the Directors and chief executive of the Company are not aware that there is any party who, as at the Latest Practicable Date, had an interest or a short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other member of the Group.

5. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2008, the date to which the latest audited financial statements of the Group were made up.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group is engaged in any litigation or arbitration or claim of material importance and there is no litigation or arbitration or claim of material importance known to the Directors to be pending or threatened by or against any member of the Group.

7. CONSENT OF EXPERT

The following expert has given and has not withdrawn their written consent to the issue of this circular with the inclusion of their letter and reference to their name in the form and context in which they respectively appear:

Name	Qualifications
Asia Investment Management Limited	Independent financial adviser and a licensed corporation to carry out type 4, type 6, and type 9 regulated activities under the SFO

As at the Latest Practicable Date, the above expert is not beneficially interested in the share capital of any member of the Group nor do they have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, Asia Investment Management Limited was not interested, directly or indirectly, in any assets which had since 31 December 2008, being the date to which the latest published audited accounts of the Group were made up, been acquired or disposed of by or leased to any member of the Group or which are proposed to be acquired or disposed of by or leased to any member of the Group.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors and supervisors of the Company had entered into, or proposed to enter into, a service contract with the Company or any member of the Group which does not expire or is not terminable by such member of the Group within one year without payment of compensation, other than statutory compensation.

9. MATERIAL INTEREST

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting at the Latest Practicable Date which was significant in relation to the business of the Group taken as a whole.

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Group since 31 December 2008, being the date to which the latest published audited accounts of the Group were made up, or which are proposed to be acquired or disposed of by or leased to any member of the Group.

10. COMPETING INTEREST

As at the Latest Practicable Date, none of the Directors or their respective associates had any interest in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules if each of them were a controlling shareholder).

11. PROCEDURES FOR DEMANDING A POLL BY SHAREHOLDERS

Pursuant to Article 85 of the Articles of Association of the Company, voting at shareholders' general meeting shall be taken on a poll.

12. MISCELLANEOUS

- (a) The company secretary of the Company is Mr. Fan Cheung Man. Mr. Fan is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of ACCA-the UK.
- (b) The share registrar of the Company in Hong Kong is Computershare Hong Kong Investor Services Limited, Rooms 1806-7, 18th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (c) In the case of any discrepancy, the English text of this circular and form of proxy shall prevail over the Chinese text.

13. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Hong Kong office of the Company, at Suite 1601, Sino Plaza, 255-257 Gloucester Road, Causeway Bay, Hong Kong during normal business hours on any weekday (except public holidays) from the date of this circular up to and including 8 October 2009 and at the EGM:

- (a) the invitation for the bid;
- (b) the letter of recommendation from the Independent Board Committee of the Company to the Independent Shareholders as set out in this circular;
- (c) the letter of advice from Asia Investment Management Limited as set out in this circular; and
- (d) the written consent from Asia Investment Management Limited referred to in paragraph of this appendix.