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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**

### **Second Supplemental Agreement of Equity Interest Transfer**

Reference is made to two announcements of Zijin Mining Group Co., Ltd.\* (the "Company") in relation to the sale of equity interest of a non-wholly owned subsidiary respectively, dated 25 September 2009 and 2 December 2009 (the "Announcements"). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

The Board wishes to announce that the Company's wholly owned subsidiary, Best Ground Group Limited (域佳集團有限公司)("Best Ground") entered into a second supplemental agreement of equity interest transfer with Marigold Time International Limited (金盞時代國際有限公司)("Marigold Time International") on 20 May 2010 (the "Second Supplemental Agreement") in connection with the agreement entered by the same parties dated 25 September 2009 to dispose of shares representing 70% equity interest held and owned by Best Ground in China Gold Development Group (H.K.) Limited (中國黃金開發集團(香港)有限公司)("China Gold") (the "Principal Agreement"). The Principal Agreement was amended by a supplemental agreement (the "First Supplemental Agreement") on 1 December 2009.

## **BACKGROUND**

Reference is made to two announcements of Zijin Mining Group Co., Ltd.\* (the "Company") in relation to the sale of equity interest of a non-wholly owned subsidiary respectively, dated 25 September 2009 and 2 December 2009 (the "Announcements"). Unless otherwise defined herein, capitalised terms used in this announcement shall have the same meanings as those defined in the Announcements.

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“First Supplemental Agreement”) on 1 December 2009.

## **THE PRINCIPAL TERMS OF THE SECOND SUPPLEMENTAL AGREEMENT**

**Date:** 20 May 2010

**Parties:**

1. Best Ground, a company incorporated in the British Virgin Islands with limited liability and a wholly owned subsidiary of the Company, is principally engaged in investment holding. It holds 70% interest in China Gold. The only substantive asset of China Gold is 50.05% equity interest in a jointly-controlled entity, Shangdong Guoda Gold Company Limited (山東國大黃金股份有限公司)(“Guoda Gold”). Guoda Gold is principally engaged in gold smelting business in Shangdong Province, the PRC; and
2. Marigold Time International, is a company incorporated in the British Virgin Islands with limited liability and the company is principally engaged in investment holding.

To the best of the Company directors’ knowledge, information and belief having made all reasonable enquiries, Marigold Time International and its ultimate beneficial owner are not connected persons (as defined in the Listing Rules) of the Company.

**Principal Amendments:**

Pursuant to the terms of the Second Supplemental Agreement, certain terms of the Principal Agreement as amended by the First Supplemental Agreement (including but not limited to the following) have been amended:

(1) Amount of Consideration:

The consideration has been increased by RMB 20 million from RMB 192.50 million to RMB 212.50 million.

(2) The completion date (the “Completion Date”) has been designated as 30 November 2010.

(3) Payment of Consideration:

The revised consideration (the “Consideration”) of RMB 212.50 million (or the equivalent amount in foreign currency) will be payable in accordance with the following schedules:

- (a) RMB 70 million of the Consideration was paid to Best Ground before the date of the Second Supplemental Agreement;
- (b) Marigold Time International shall deliver a post-dated cheque (the “Post-Dated Cheque”) for an amount in Hong Kong dollars equivalent to RMB 30 million and the Post-Dated Cheque shall be honoured within three months from the date of transfer of subject shares; and
- (c) Marigold Time International shall pay the remaining balance of the Consideration (i.e RMB 112.50 million) together with the interest accruing from the effective date to the payment date on or before the Completion Date.

- (4) 70% interest of shares in China Gold shall be transferred to Marigold Time International before the Completion Date but after receipt of the Post-Dated Cheque and satisfaction of other conditions precedent, including (i) the terms of the Second Supplemental Agreement having not been breached and (ii) all representations and warranties of Marigold Time International having remained correct and accurate, subject to the repurchase option (the “Repurchase Option”) as described in paragraph (5) below.
- (5) The Repurchase Option: Marigold Time International irrevocably undertakes to Best Ground that in the event that (i) Marigold Time International breaches any terms of the Second Supplemental Agreement, or (ii) Marigold Time International fails to comply with its obligations under the Second Supplemental Agreement (including honour of the Post-Dated Cheque, payment of the remaining balance of the Consideration equivalent to RMB 112.50 million and procuring the release and discharge of the guarantee made by the Company to Guoda Gold unconditionally, which does not exceed RMB 100 million) on or before the agreed dates, or (iii) any of the shareholder of Marigold Time International and persons appointed by Marigold Time International to China Gold as directors breaches the guarantee as mentioned below, Best Ground shall have right to repurchase the 70% interest of shares in China Gold from Marigold Time International at an exercise price of HK\$1.00 in accordance with the terms of the Second Supplemental Agreement.
- (6) Other major undertakings: Marigold Time International undertakes to Best Ground, among other things, the following:
- (a) not to do anything which will be prejudicial to the rights of Best Ground (including that it shall procure China Gold not to issue further shares or any convertible securities or dispose of its substantial assets or incur any liabilities unless it is with the written consent of Best Ground);
  - (b) not to incur any additional liabilities or create encumbrances on its shares of China Gold or assets of China Gold except for the purpose of paying the Consideration to Best Ground; and
  - (c) not to sell the shares of China Gold except in compliance with the conditions of the Second Supplemental Agreement.

The terms of the Second Supplemental Agreement was arrived at after arm’s length negotiations between the parties thereto.

The ultimate beneficial owner of Marigold Time International and/or the persons appointed by Marigold Time International as directors of the China Gold will also give guarantees in respect of the performance of the Repurchase Option obligations and certain other undertakings by Marigold Time International.

Please refer to the Announcements for details of other terms of the transaction.

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Luo Yingnan, Liu Xiaochu, Lan Fusheng, Huang Xiaodong, and Zou Laichang as executive directors, Mister. Peng Jiaqing as non-executive director, and Messrs. Su Congfu, Chen Yuchuan, Lin Yongjing, and Wang Xiaojun as independent non-executive directors.

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

21 May 2010 Fujian, PRC

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