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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  
CONTINUING CONNECTED TRANSACTIONS-FINANCIAL SERVICES**

**FINANCIAL SERVICES AGREEMENTS**

The Board is pleased to announce that, on 2 March 2011, the Company's subsidiary, Zijin Finance has entered into the following financial services agreements :-

- (1) the Ting River Hydropower Financial Services Agreement with Ting River Hydropower, in relation to the provision of financial services by Zijin Finance to Ting River Hydropower for a term from 1 January 2011 to 31 December 2013 subject to the terms and conditions provided therein; and
- (2) the Wuping Zijin Hydropower Financial Services Agreement with Wuping Zijin Hydropower, in relation to the provision of financial services by Zijin Finance to Wuping Zijin Hydropower for a term from 1 January 2011 to 31 December 2013 subject to the terms and conditions provided therein.

**LISTING RULES IMPLICATIONS**

Minxi Xinghang is a substantial shareholder of the Company and currently holds and owns approximately 28.96% shareholding of the Company and 51% interest in Ting River Hydropower. As Ting River Hydropower currently holds 52% interest in Wuping Zijin Hydropower, Ting River Hydropower and Wuping Zijin Hydropower are associates of Minxi Xinghang and connected persons to the Company (as defined in the Listing Rules). Ting River Hydropower and Wuping Zijin Hydropower are also associate companies of the Company. Under the Listing Rules, the transactions constitute connected transactions of the Company and as they are continuous in nature, the transactions constitute continuing connected transactions of the Company.

The Continuing Connected Transactions were entered on normal commercial terms. In respect of deposit services provided by Zijin Finance to Ting River Hydropower and Wuping Zijin Hydropower, as the deposit with Zijin Finance is for the benefit of the Group where no security over the assets of the Group is granted, the Company is exempted from reporting, announcement and Independent Shareholders' approval requirement under Rule 14A.65(4) of the Listing Rules.

In respect of loan services, the applicable percentage ratios (as set out in the Listing Rules) are more than 0.1% but less than 5% (except for the profits ratio), which constitute exempt continuing connected transactions of the Company under Rules 14A.34 and 14A.66 of the Listing Rules in which approval from Independent Shareholders is exempted and are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

The applicable percentage ratios pursuant to the Listing Rules in respect of the service charge of the settlement services in aggregate are expected to be less than 0.1% on an annual basis. Therefore, the

provision of the settlement services by Zijin Finance will constitute a de minimis transaction under Rule 14A.33 of the Listing Rules and is exempt from reporting, announcement and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules.

## **1. TING RIVER HYDROPOWER FINANCIAL SERVICES AGREEMENT**

### **PRINCIPAL TERMS OF THE AGREEMENT**

Date: 2 March 2011

#### **Parties:**

1. Zijin Finance, and
2. Ting River Hydropower

#### **Terms:**

From 1 January 2011 to 31 December 2013

According to the Ting River Hydropower Financial Services Agreement, Zijin Finance agreed to provide the following financial services to Ting River Hydropower:

- a. deposit services;
- b. loan services; and
- c. settlement services.

The terms of the Ting River Hydropower Financial Services Agreement were arrived at after arm's length negotiation between Zijin Finance and Ting River Hydropower.

### **DEPOSIT SERVICES**

In providing the deposit services, the applicable deposit interest rates as announced by the People's Bank of China from time to time will be used. The daily maximum amount of deposit of deposit services provided to Ting River Hydropower by Zijin Finance will not exceed RMB100 million (including interests). Zijin Finance will strictly comply with the regulations and policies relating to non-bank financial institutions issued by the China Banking Regulatory Commission to ensure the security of Ting River Hydropower's deposits.

The deposit services provided by Zijin Finance are continuous in nature and are entered on normal commercial terms. As the deposit with Zijin Finance is for the benefit of the Group where no security over the assets of the Group is granted, the Company is exempted from reporting, announcement and Independent Shareholders' approval requirement under Rule 14A.65(4) of the Listing Rules. In view of the fact that the provision of the deposit services is exempted under Rule 14A.65(4) of the Listing Rules, the interests to be payable by Zijin Finance for the provision of deposit services to Ting River Hydropower will also be exempted under Rule 14A.65(4) of the Listing Rules.

### **LOAN SERVICES**

Pursuant to the Ting River Hydropower Financial Services Agreement, Zijin Finance will also provide loan services to Ting River Hydropower. The maximum amount of daily balance of outstanding loans will be RMB120 million (including interests), subject to the annual caps and the terms and conditions of further supplemental loan agreements to be entered into between Zijin Finance and Ting River Hydropower separately. The applicable loan interest rates will be fixed in accordance with the relevant regulations of Zijin Finance and the relevant regulations and guidelines published by the People's Bank of China.

The loan services provided by Zijin Finance to Ting River Hydropower, which are continuous in nature, were entered on normal commercial terms and constitute continuing connected transactions of the Company. As such services are on normal commercial terms and the percentage ratios (except for the profit percentage ratio) are more than 0.1% but less than 5%, the loan services are exempt from Independent Shareholders' approval requirements pursuant to Rules 14A.34 and 14A.66 of the Listing Rules and are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

### **PROPOSED ANNUAL CAP**

Zijin Finance has provided loan services to Ting River Hydropower since October 2010 and the historical maximum daily balance of outstanding loans (including interests incurred) owing by Ting River Hydropower to Zijin Finance for the year ended 31 December 2010 was RMB 20.214 million (unaudited). According to the Listing Rules, such loan services in the past were on normal commercial terms and the percentage ratios (except for the profit percentage ratio) were less than 0.1%. Therefore, such loan services in the past were exempt from Independent Shareholders' approval requirements pursuant to Rules 14A.33 and 14A.65 of the Listing Rules and were exempt from reporting, announcement and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules.

The Company estimates that the maximum daily outstanding loan amounts of the Ting River Hydropower Financial Services Agreement for the years ending 31 December 2011, 31 December 2012 and 31 December 2013 will be RMB120 million, RMB120 million and RMB120 million respectively.

### **SETTLEMENT SERVICES**

Pursuant to the Ting River Hydropower Financial Services Agreement, Ting River Hydropower will open a settlement account with Zijin Finance and Zijin Finance will provide payment and receipt services and other relevant supplemental settlement services. The fees of the settlement services will be charged in accordance with the relevant regulations and should not be lower than the standard fees charged by other group companies. The total estimated service charge will not exceed RMB1 million per annum.

The settlement services, which are continuous in nature, were entered on normal commercial terms and constitute continuing connected transaction. The applicable percentage ratios pursuant to the Listing Rules in respect of the service charge of the settlement services in aggregate are expected to be less than 0.1% on an annual basis. Therefore, the provision of the settlement services by Zijin Finance will constitute a de minimis transaction under Rule 14A.33 of the Listing Rules and is exempt from reporting, announcement and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules.

The Company will comply with the reporting, announcement and Independent Shareholders' approval requirements of the Listing Rules if the transactions amount and the fees of the financial services under the Ting River Hydropower Financial Services Agreement exceed the relevant threshold.

### **CONNECTION BETWEEN THE PARTIES IN THE TRANSACTIONS**

Minxi Xinghang is a substantial shareholder of the Company and currently holds and owns approximately 28.96% shareholding of the Company and 51% interest in Ting River Hydropower. Ting River Hydropower therefore is an associate of Minxi Xinghang and a connected person to the Company (as defined in the Listing Rules). Ting River Hydropower is also an associate company of the Company. As the transactions are continuous in nature, under the Listing Rules, the transactions between Ting River Hydropower and Zijin Finance constitute continuing connected transactions of the Company.

### **REASONS FOR THE PROPOSED TRANSACTIONS**

The Company is principally engaged in the mining, production, refining and sale of gold and other mineral resources in the PRC. By virtue of the Ting River Hydropower Financial Services Agreement, the Group will be able to utilize the financial resources within the group, reduce the Group's financial costs and increase the income of Zijin Finance.

## **2. WUPING ZIJIN HYDROPOWER FINANCIAL SERVICES AGREEMENT**

### **PRINCIPAL TERMS OF THE AGREEMENT**

Date: 2 March 2011

#### **Parties:**

1. Zijin Finance, and
2. Wuping Zijin Hydropower

#### **Terms:**

From 1 January 2011 to 31 December 2013

According to the Wuping Zijin Financial Services Agreement, Zijin Finance agreed to provide the following financial services to Wuping Zijin Hydropower:

- a. deposit services;
- b. loan services; and
- c. settlement services.

The terms of the Wuping Zijin Hydropower Financial Services Agreement were arrived at after arm's length negotiation between Zijin Finance and Wuping Zijin Hydropower.

#### **DEPOSIT SERVICES**

In providing the deposit services, the applicable deposit interest rates as announced by the People's Bank of China from time to time will be used. The daily maximum amount of deposit of deposit services provided to Wuping Zijin Hydropower by Zijin Finance will not exceed RMB100 million (including interests). Zijin Finance will strictly comply with the regulations and policies relating to non-bank financial institutions issued by the China Banking Regulatory Commission to ensure the security of Wuping Zijin Hydropower's deposits.

The deposit services provided by Zijin Finance are continuous in nature and are entered on normal commercial terms. As the deposit with Zijin Finance is for the benefit of the Group where no security over the assets of the Group is granted, the Company is exempted from reporting, announcement and Independent Shareholders' approval requirement under Rule 14A.65(4) of the Listing Rules. In view of the fact that the provision of the deposit services is exempted under Rule 14A.65(4) of the Listing Rules, the interests to be payable by Zijin Finance for the provision of deposit services to Wuping Zijin Hydropower will also be exempted under Rule 14A.65(4) of the Listing Rules.

#### **LOAN SERVICES**

Pursuant to the Wuping Zijin Hydropower Financial Services Agreement, Zijin Finance will also provide loan services to Wuping Zijin Hydropower. The maximum amount of daily balance of outstanding loans will be RMB100 million (including interests), subject to the annual caps and the terms and conditions of further supplemental loan agreements to be entered into between Zijin Finance and Wuping Zijin Hydropower separately. The applicable loan interest rates will be fixed in accordance with the relevant regulations of Zijin Finance and relevant regulations and guidelines published by the People's Bank of China.

The loan services provided by Zijin Finance to Wuping Zijin Hydropower, which are continuous in nature, were entered on normal commercial terms and constitute continuing connected transactions of the Company. As such services are on normal commercial terms and the percentage ratios (except for the profit percentage ratio) are more than 0.1% but less than 5%, the loan services are exempt from Independent Shareholders' approval requirements pursuant to Rules 14A.34 and 14A.66 of the Listing Rules and are only subject to the reporting and announcement requirements set out in Rules 14A.45 to 14A.47 of the Listing Rules.

### **PROPOSED ANNUAL CAP**

Zijin Finance did not provide any loan services to Wuping Zijin Hydropower in the year of 2009 and 2010.

The Company estimates that the maximum daily outstanding loan amounts of the Wuping Zijin Financial Services Agreement for the years ending 31 December 2011, 31 December 2012 and 31 December 2013 will be RMB100 million, RMB100 million and RMB100 million respectively.

### **SETTLEMENT SERVICES**

Pursuant to the Wuping Zijin Hydropower Financial Services Agreement, Wuping Zijin Hydropower will open a settlement account with Zijin Finance and Zijin Finance will provide payment and receipt services and other relevant supplemental settlement services. The fees of the settlement services will be charged in accordance with the relevant regulations and should not be lower than the standard fees charged by other group companies. The total estimated service charge will not exceed RMB1 million per annum.

The settlement services, which are continuous in nature, were entered on normal commercial terms and constitute continuing connected transaction. The applicable percentage ratios pursuant to the Listing Rules in respect of the service charge of the settlement services in aggregate are expected to be less than 0.1% on an annual basis. Therefore, the provision of the settlement services by Zijin Finance will constitute a de minimis transaction under the Rule 14A.33 of the Listing Rules and is exempt from the reporting, announcement and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules.

The Company will comply with the reporting, announcement and Independent Shareholders' approval requirements of the Listing Rules if the transactions amount and the fees of the financial services under the Wuping Zijin Hydropower Financial Services Agreement exceed the relevant threshold.

### **CONNECTION BETWEEN THE PARTIES IN THE TRANSACTIONS**

Minxi Xinghang is a substantial shareholder of the Company and currently holds and owns approximately 28.96% shareholding of the Company and 51% interest in Ting River Hydropower. As Ting River Hydropower currently holds 52% interest in Wuping Zijin Hydropower, Wuping Zijin Hydropower is an associate of Minxi Xinghang and a connected person to the Company (as defined in the Listing Rules). Wuping Zijin Hydropower is also an associate company of the Company. As the transactions are continuous in nature, under the Listing Rules, the transactions between Wuping Zijin Hydropower and Zijin Finance constitute continuing connected transactions of the Company.

### **REASONS FOR THE PROPOSED TRANSACTIONS**

The Company is principally engaged in the mining, production, refining and sale of gold and other mineral resources in the PRC. By virtue of the Wuping Zijin Hydropower Financial Services Agreement, the Group will be able to utilize the financial resource within the group, reduce the Group's financial costs and increase the income of Zijin Finance.

## MATERIAL INTEREST

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, no Director has a material interest in the transactions save and except the Directors Mr. Chen Jinghe, Mr. Luo Yingnan, Mr. Lan Fusheng and Mr. Zou Laichang, who are the Directors appointed by Minxi Xinghang are required to abstain from voting at the Board meeting approving both the Ting River Hydropower Financial Services Agreement and Wuping Zijin Hydropower Financial Services Agreement. The remaining Directors including the independent non-executive directors of the Company consider that the transactions and the terms of the Ting River Hydropower Financial Services Agreement and Wuping Zijin Hydropower Financial Services Agreement are on normal commercial terms and fair and reasonable and in the interest of the Company and its Shareholders as a whole.

## GENERAL INFORMATION

Zijin Finance is a non-banking financial institution (specialisation in intra-group finance) established under the law and the approval of China Banking Regulatory Committee and is mainly engaged in providing financial services to the members of the Group.

Ting River Hydropower is mainly engaged in hydro power business in Shanghang County.

Wuping Zijin Hydropower is mainly engaged in hydro power business in Wuping County.

## DEFINITIONS

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

<b>“Board”</b>	the board of Directors of the Company
<b>“Company”</b>	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
<b>“Continuing Connected Transactions”</b>	the connected transactions contemplated under the Ting River Hydropower Financial Services Agreement, and Wuping Zijin Hydropower Financial Services Agreement
<b>“Director(s)”</b>	the director(s) of the Company
<b>“Group”</b>	the Company and its subsidiaries
<b>“Hong Kong”</b>	the Hong Kong Special Administrative Region of the PRC
<b>“Independent Shareholders”</b>	any shareholder of the Company that is not required to abstain from voting at a general meeting to approve a connected transaction pursuant to the Listing Rules
<b>“Listing Rules”</b>	The Rules Governing the Listing of Securities on the Stock Exchange
<b>“Minxi Xinghang”</b>	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 state-owned limited company incorporated in the PRC with limited liability, a substantial shareholder of the Company and currently owns and holds approximately 28.96% equity interest of the Company

“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Ting River Hydropower”	Ting River Hydropower Co., Ltd. (福建省上杭縣汀江水電有限公司), a domestic company incorporated in the PRC with limited liability, the Company’s wholly-owned subsidiary, Fujian Zijin Investment Co., Ltd. currently holds 49% interest in Ting River Hydropower, is an associate company of the Company, mainly engaged in hydro power business in Shanghang County
“Ting River Hydropower Financial Services Agreement”	the financial services agreement entered into between the Zijin Finance and Ting River Hydropower on 2 March 2011 in relation to, <i>inter alia</i> , the provision of financial services to Ting River Hydropower by Zijin Finance
“Wuping Zijin Hydropower”	Fujian Wuping Zijin Hydropower Co., Ltd. (福建省武平縣紫金水電有限公司), a domestic company incorporated in the PRC with limited liability, the Company’s wholly-owned subsidiary, Fujian Zijin Investment Co., Ltd. currently holds 48% interest in Wuping Zijin Hydropower, is an associate company of the Company, mainly engaged in hydro power business in Wuping County
“Wuping Zijin Hydropower Financial Services Agreement”	the financial services agreement entered into between the Zijin Finance and Wuping Zijin Hydropower on 2 March 2011 in relation to, <i>inter alia</i> , the provision of financial services to Wuping Zijin Hydropower by Zijin Finance
“Zijin Finance”	Fujian Zijin Investment Co., Ltd.(紫金礦業集團財務有限公司), a subsidiary of the Company and a limited company incorporated in the PRC with limited liability, mainly engaged in providing financial services to the members of the Group
“%”	per cent

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*

2 March 2011 Fujian, China.

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