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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 9 January 2014, 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 of 3 years commencing from 1 January 2014 to 31 December 2016 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 of 3 years commencing from 1 January 2014 to 31 December 2016 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 the 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 requirements under Rule 14A.65(4) of the Listing Rules.

In respect of the 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 exempted from reporting, announcement and Independent Shareholders' approval requirements under Rules 14A.45 to 14A.48 of the Listing Rules.

The subsidiary of the Company, Zijin Finance, entered into Financial Services Agreements with Ting River Hydropower and Wuping Zijin Hydropower on 2 March 2011 respectively, in relation to the provision of financial services (including deposit services, loan services and settlement services) by Zijin Finance to Ting River Hydropower and Wuping Zijin Hydropower for a term from 1 January 2011 to 31 December 2013. Considering that the Financial Services Agreements had expired, Zijin Finance entered into Financial Services Agreements with Ting River Hydropower and Wuping Zijin Hydropower on 9 January 2014 respectively, in relation to the provision of financial services (including deposit services, loan services and settlement services) by Zijin Finance to Ting River Hydropower and Wuping Zijin Hydropower for a term of 3 years commencing from 1 January 2014 to 31 December 2016.

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

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

**Date:**

9 January 2014

**Parties:**

1. Zijin Finance, and
2. Ting River Hydropower

**Terms:**

From 1 January 2014 to 31 December 2016

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 requirements 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 profits ratio) are more than 0.1% but less than 5%, the loan services are exempted 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**

For the year ended 31 December 2011, 2012 and 2013, the historical year-end balances of outstanding loans (including interests incurred) owing by Ting River Hydropower to Zijin Finance were RMB30 million (audited), RMB39.15 million (audited) and RMB37.3 million (unaudited) respectively. The breakdown of the outstanding loan balance is as follows:

		Year 2011 (audited) RMB	Year 2012 (audited) RMB	Year 2013 (unaudited) RMB
1.	Loan balance at the end of the year	30 million	39.15 million	37.3 million

In considering of Ting River Hydropower's future business development, the Company estimates that the maximum daily outstanding loan amounts (including interests incurred) of the Ting River Hydropower Financial Services Agreement for the years ending 31 December 2014, 31 December 2015 and 31 December 2016 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 to 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 exempted 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 settlement 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 contemplated under the Ting River Hydropower Financial Services Agreement 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:**

9 January 2014

### **Parties:**

1. Zijin Finance, and
2. Wuping Zijin Hydropower

### **Terms:**

From 1 January 2014 to 31 December 2016

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 requirements 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 profits ratio) are more than 0.1% but less than 5%, the loan services are exempted 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**

For the year ended 31 December 2011, 2012 and 2013, the historical year-end balances of outstanding loans (including interests incurred) owing by Wuping Zijin Hydropower to Zijin Finance were RMB0 respectively. The breakdown of the outstanding loan balance is as follows:

		Year 2011 (audited) RMB	Year 2012 (audited) RMB	Year 2013 (unaudited) RMB
1.	Loan balance at the end of the year	0	0	0

In considering of Wuping Zijin Hydropower's future business development, the Company estimates that the maximum daily outstanding loan amounts (including interests incurred) of the Wuping Zijin Financial Services Agreement for the years ending 31 December 2014, 31 December 2015 and 31 December 2016 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 to 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 exempted 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 settlement 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 contemplated under the Wuping Zijin Hydropower Financial Services Agreement 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 Mr. Chen Jinghe, Mr. Wang Jianhua, Mr. Lan Fusheng, Mr. Zou Laichang and Mr. Li Jian, 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 terms of the Ting River Hydropower Financial Services Agreement and Wuping Zijin Hydropower Financial Services Agreement and the relevant annual caps 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</b>	the connected transactions contemplated under

<b>“Transactions”</b>	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>“Financial Services Agreements”</b>	the Ting River Hydropower Financial Services Agreement and the Wuping Zijin Hydropower Financial Services Agreement
<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
<b>“PRC”</b>	the People’s Republic of China, but for the purpose of this announcement, excludes Hong Kong, Macau SAR and Taiwan
<b>“RMB”</b>	Renminbi, the lawful currency of the PRC
<b>“Shareholder(s)”</b>	the shareholder(s) of the Company
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“Ting River Hydropower”</b>	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

<p><b>“Ting River Hydropower Financial Services Agreement”</b></p>	<p>the financial services agreement entered into between Zijin Finance and Ting River Hydropower on 9 January 2014 in relation to, <i>inter alia</i>, the provision of financial services to Ting River Hydropower by Zijin Finance</p>
<p><b>“Wuping Zijin Hydropower”</b></p>	<p>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</p>
<p><b>“Wuping Zijin Hydropower Financial Services Agreement”</b></p>	<p>the financial services agreement entered into between Zijin Finance and Wuping Zijin Hydropower on 9 January 2014 in relation to, <i>inter alia</i>, the provision of financial services to Wuping Zijin Hydropower by Zijin Finance</p>
<p><b>“Zijin Finance”</b></p>	<p>Zijin Mining Group Finance 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</p>
<p><b>“%”</b></p>	<p>per cent</p>

As at the date of this announcement, the Board of Directors of the Company comprises Messrs. Chen Jinghe (Chairman), Wang Jianhua, Qiu Xiaohua, Lan Fusheng, Zou Laichang, and Lin Hongfu as executive directors, Mister. Li Jian as non-executive director, and Messrs. Lu Shihua, Ding Shida, Jiang Yuzhi, and Sit Hoi Wah, Kenneth as independent non-executive directors.

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

Fujian, the PRC, 9 January 2014

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