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JINCHUAN金川

JINCHUAN GROUP INTERNATIONAL RESOURCES CO. LTD

金川集團國際資源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2362)

**CONTINUING CONNECTED TRANSACTIONS
OFFICE LICENCE AGREEMENT**

BACKGROUND

On 31 December 2013, GHJ (as licensee) entered into the Licence Agreement with GWL (as licensor) pursuant to which GWL has agreed to license to GHJ the non-exclusive right to use and occupy the office premises located at Suite 4003-04, 40/F, Tower Two, Lippo Centre, 89 Queensway, Hong Kong with effect from 1 January 2014 for a term of 2 years and 4 months from 1 January 2014 to 30 April 2016.

LISTING RULES IMPLICATIONS

As at the date of this announcement, GWL is an indirect wholly-owned subsidiary of Jinchuan Group, the ultimate shareholder of Jinchuan HK which indirectly owns 3,263,022,857 Shares, representing approximately 75.00% of the issued share capital of the Company. Since Jinchuan Group is the ultimate controlling Shareholder, GWL, an associate of Jinchuan Group, is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Licence Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated for the annual caps in respect of the Continuing Connected Transactions exceed 0.1% but are less than 5%, the entering into of the Licence Agreement by GHJ is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

1. BACKGROUND

On 31 December 2013, GHL (as licensee) entered into the Licence Agreement with GWL (as licensor) pursuant to which GWL has agreed to license to GHL the non-exclusive right to use and occupy the offices premises located at Suite 4003-04, 40/F, Tower Two, Lippo Centre, 89 Queensway, Hong Kong with effect from 1 January 2014 for a term of 2 years and 4 months from 1 January 2014 to 30 April 2016.

2. THE LICENCE AGREEMENT

Date:	31 December 2013
Licensee:	GHL
Licensor:	GWL
Licensed Premises:	Suite 4003-04, 40/F, Tower Two, Lippo Centre, 89 Queensway, Hong Kong
Licensed area:	approximately 3,435 square feet
Licence period:	2 years and 4 months from 1 January 2014 to 30 April 2016
Licence fee:	HK\$253,335 (equivalent to approximately USD32,562) per month (exclusive of government rates and other outgoings and expenses), which is payable in arrears on the last day of each month
Government rates payable by GHL:	Proportionate share of the actual amount incurred by GWL under the Head Tenancy Agreement
Other expenses, including utilities, management fees and facilities:	Proportionate share of the actual amount incurred by GWL under the Head Tenancy Agreement
Termination:	The license (i) can be terminated by either the licensor or the licensee by serving a written notice of no less than the period prescribed in the Licence Agreement; and (ii) should be terminated automatically when the Head Tenancy Agreement is terminated or if GWL ceases to be a tenant of the licensed premises under the Head Tenancy Agreement

3. ANNUAL LICENCE FEE AND ALL OTHER EXPENSES PAYABLE BY GHIL AND RELEVANT ANNUAL CAPS

The annual caps for the Continuing Connected Transactions are primarily based on the terms of the Licence Agreement. Details of the annual caps for the licence period of the Licence Agreement are set out as follows:

	Year ending 31 December 2014	Year ending 31 December 2015	4 months ending 30 April 2016
Annual cap	HK\$4,200,000 (equivalent to approximately USD539,846)	HK\$4,200,000 (equivalent to approximately USD539,846)	HK\$1,400,000 (equivalent to approximately USD179,949)

The licence fee and all the other expenses (including government rates, other outgoings and expenses) are determined by GHIL and GWL after arm's length negotiations with the reference to the prevailing market rates for comparable properties in the vicinity of the licensed premises.

4. REASONS FOR AND BENEFITS OF THE LICENCE AGREEMENT

The Group will, upon the entering into of the Licence Agreement, continue to use the licensed premises as its principal office in Hong Kong.

5. LISTING RULES IMPLICATIONS

As at the date of this announcement, GWL is an indirect wholly-owned subsidiary of Jinchuan Group, the ultimate shareholder of Jinchuan HK which indirectly owns 3,263,022,857 Shares, representing approximately 75.00% of the issued share capital of the Company. Since Jinchuan Group is the ultimate controlling Shareholder, GWL, an associate of Jinchuan Group, is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the Licence Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratios calculated by reference to the above annual caps in respect of the Continuing Connected Transactions exceed 0.1% but are less than 5%, the entering into of the Licence Agreement by GHIL is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Board (including the independent non-executive Directors) is of the view that terms of the Licence Agreement (including the annual caps) are fair and reasonable, on normal commercial terms and in the interests of the Company and its Shareholders as a whole. The Company confirms that none of the Directors have any material interest in the Licence Agreement for which they shall be required to abstain from voting on the board resolutions approving the terms of the Licence Agreement. However, for good corporate governance, Mr. Yang Zhiqiang, Mr. Zhang Sanlin, Mr. Zhang Zhong, Mr. Gao Tianpeng, Mr. Qiao Fugui and Ms. Zhou Xiaoyin voluntarily abstained from voting in the meeting of the Board in which the Licence Agreement and the annual caps were approved.

6. INFORMATION REGARDING THE GROUP AND JINCHUAN GROUP

Information on the Group

The current holding company of the Company, Jinchuan HK, became the controlling shareholder of the Company since 30 November 2010 pursuant to a subscription of new shares of the Company which was announced by the Company on 24 August 2010. Jinchuan Group is the ultimate holding company of both Jinchuan HK and the Company. The current principal activities of the Group are base metals mining and trading of mineral and metal products.

Information on Jinchuan Group

Jinchuan Group, founded in 1958, is a state-owned enterprise with its majority interest held by the People's Government of Gansu Province. Jinchuan Group is a large-scale non-ferrous mining conglomerate with an international presence, specializing in mining, concentrating, metallurgy, chemical engineering and further downstream processing.

7. DEFINITIONS

Unless the context otherwise requires, the following expressions have the meanings set out in this announcement:

“associate”	has the meaning as ascribed thereto in the Listing Rules
“Board”	the board of Directors
“Company”	Jinchuan Group International Resources Co. Ltd, a company incorporated in the Cayman Islands whose Shares are listed on the main board of the Stock Exchange

“connected person”	has the meaning ascribed to such term under the Listing Rules
“Continuing Connected Transactions”	the transactions contemplated under the Licence Agreement
“Director(s)”	the director(s) of the Company
“GHL”	Golden Harbour International Trading Limited(金港源國際貿易有限公司), an indirect wholly-owned subsidiary of the Company and the licensee of the Licence Agreement
“Group”	the Company and its subsidiaries
“GWL”	Golden Wealth International Trading Limited(金鴻源國際貿易有限公司), an indirect wholly-owned subsidiary of Jinchuan Group and the licensor of the Licence Agreement
“Head Tenancy Agreement”	the tenancy agreement entered into by GWL for the lease of certain office premises (which include the premises licensed under the Licence Agreement) from certain landlord for the term from 1 May 2013 to 30 April 2016
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Jinchuan Group”	金川集團股份有限公司(Jinchuan Group Co., Ltd*), a state-owned enterprise established in the PRC and the ultimate controlling shareholder of the Company
“Jinchuan HK”	Jinchuan Group (Hongkong) Resources Holdings Limited (金川集團(香港)資源控股有限公司), an investment holding company incorporated in Hong Kong and a wholly-owned subsidiary of Jinchuan Group. It indirectly owns 3,263,022,857 Shares, representing approximately 75.00% of the issued share capital of the Company as at the date of this announcement

* For identification purpose only

“Licence Agreement”	the licence agreement entered into between GHL and GWL on 31 December 2013 in respect of the licensing of the premises located at Suite 4003-04, 40/F, Tower Two, Lippo Centre, 89 Queensway, Hong Kong for a licence period of 2 years and 4 months from 1 January 2014 to 30 April 2016
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratio(s)”	has the meaning ascribed to such term under the Listing Rules
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company
“Shareholder(s)”	holder(s) of the Shares
“Stock Exchange”	the Stock Exchange of Hong Kong Limited
“USD”	US dollars, the lawful currency of the United States
“%”	per cent

By Order of the Board
Jinchuan Group International Resources Co. Ltd
Wong Tak Chuen
Company Secretary

For the purpose of this announcement, unless otherwise indicated, the exchange rate of USD1.00 = HK\$7.78 has been used for currency translation, where applicable. Such exchange rate is for illustration purpose only and does not constitute a representation that any amount in HK\$ or USD have been, could have been or may be converted at such or any other rates or at all.

Hong Kong, 31 December 2013

As at the date of this announcement, the Board comprises three executive Directors, namely Mr. Yang Zhiqiang, Mr. Zhang Sanlin and Mr. Zhang Zhong; three non-executive Directors, namely, Mr. Gao Tianpeng, Mr. Qiao Fugui and Ms. Zhou Xiaoyin; and three independent non-executive Directors, namely Mr. Gao Dezhu, Mr. Wu Chi Keung, and Mr. Yen Yuen Ho, Tony.