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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)

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS

Reference is made to the 2011 Circular in relation to the 2011 Agreement entered into between the Company and Jinchuan. As the 2011 Agreement in respect of the 2011 Continuing Connected Transactions will expire on 31 December 2013 and the Company intends to continue the trading of Mineral and Metal Products with the Jinchuan Group, the Company and Jinchuan have entered into the 2013 Agreement on 2 December 2013.

The 2013 Agreement has been entered into between the Company and Jinchuan for the trading of Mineral and Metal Products between the Group and the Jinchuan Group for the three years commencing 1 January 2014 up to 31 December 2016. The transactions contemplated under the 2013 Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Based on the Proposed Annual Caps, the 2013 Agreement and the 2013 Continuing Connected Transactions are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will seek approval from the Independent Shareholders for the 2013 Agreement and the 2013 Continuing Connected Transactions (including the Proposed Annual Caps) at the EGM.

A circular including, among other information, (1) a letter from the Board containing further details of the 2013 Agreement; (2) a letter from the Independent Board Committee setting out its recommendations in connection with the 2013 Agreement and the 2013 Continuing Connected Transactions (including the Proposed Annual Caps) to the Independent Shareholders; (3) a letter from the Independent Financial Adviser containing its advice in connection with the 2013 Agreement and the 2013 Continuing Connected Transactions (including the Proposed Annual Caps) to the Independent Board Committee and the Independent Shareholders; and (4) a notice of the EGM will be despatched to the Shareholders on or before 11 December 2013.

If the Independent Shareholders' approval for the 2013 Agreement is not obtained at the EGM, the 2013 Continuing Connected Transactions as provided in the 2013 Agreement will not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.

INTRODUCTION

Reference is made to the 2011 Circular in relation to the 2011 Agreement entered into between the Company and Jinchuan. As the 2011 Agreement in respect of the 2011 Continuing Connected Transactions will expire on 31 December 2013 and the Company intends to continue the trading of Mineral and Metal Products with the Jinchuan Group, the Company and Jinchuan have entered into the 2013 Agreement on 2 December 2013.

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CONTINUING CONNECTED TRANSACTIONS

As at the date of this announcement, Jinchuan is a controlling shareholder of the Company. Through its wholly-owned subsidiaries, Jinchuan indirectly owns 3,263,022,857 Shares, representing approximately 75.0% of the issued share capital of the Company.

Accordingly, Jinchuan is a connected person of the Company under Chapter 14A of the Listing Rules and the aforesaid transactions will constitute continuing connected transactions for the Company.

Based on the Proposed Annual Caps, the 2013 Agreement and the 2013 Continuing Connected Transactions are subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Company will seek approval from the Independent Shareholders for the 2013 Agreement and the 2013 Continuing Connected Transactions (including the Proposed Annual Caps) at the EGM. Jinchuan and its associates will abstain from voting on the resolutions concerning the 2013 Agreement and the 2013 Continuing Connected Transactions (including the Proposed Annual Caps) at the EGM.

SUMMARY OF THE 2013 AGREEMENT

Date:	2 December 2013
Parties:	The Company (as vendor) Jinchuan (as purchaser)
Subject Matter:	Pursuant to the 2013 Agreement: (i) The Company has agreed to sell to Jinchuan, and Jinchuan has agreed to purchase from the Company, the Mineral and Metal Products that the Group sourced from third parties pursuant to the 2013 Agreement; and (ii) The Company has agreed to cause the Group to sell to the Jinchuan Group, and Jinchuan has agreed to cause the Jinchuan Group (for the purpose of this announcement, excluding the Group) to purchase from the Group, the Mineral and Metal Products pursuant to the 2013 Agreement.
Conditions Precedent:	The undertaking of the 2013 Continuing Connected Transactions is conditional upon the Company obtaining the Independent Shareholders' approval at the EGM for the 2013 Agreement, the 2013 Continuing Connected Transactions and the Proposed Annual Caps in respect of the 2013 Continuing Connected Transactions.
Basis of the trading prices of the Mineral and Metal Products:	The trading prices of the Mineral and Metal Products are determined by reference to the prices of copper, nickel and other relevant metals as announced by the London Metal Exchange and London Bullion Market Association and after making certain adjustments in accordance with the relevant market practices.
General transaction principles:	The relevant parties shall enter into separate contracts for trading of the Mineral and Metal Products under the 2013 Agreement on normal commercial terms or on terms no less favourable than terms available from independent third parties.

HISTORICAL ANNUAL CAPS AND TRADING AMOUNTS UNDER THE 2011 AGREEMENT

The following table sets out the historical annual caps under the 2011 Agreement respectively for the periods indicated below, as disclosed in the 2011 Circular:

	From 24 August 2011 to 31 December 2011 <i>(USD)</i>	Year ended 31 December 2012 <i>(USD)</i>	Year ending 31 December 2013 <i>(USD)</i>
Historical annual caps	300 million	1,200 million	2,000 million

The following table sets out the historical trading amounts of Mineral and Metal Products between the Group and the Jinchuan Group under the 2011 Agreement respectively for the periods indicated below:

	From 24 August 2011 to 31 December 2011 <i>(USD)</i>	Year ended 31 December 2012 <i>(USD)</i>	Six months ended 30 June 2013 <i>(USD)</i>
Historical amounts	— ^(Note)	224 million	147 million

Note: From the effective date of the 2011 Agreement (i.e. 24 August 2011) to 31 December 2011, the Group had no trading of Mineral and Metal Products.

PROPOSED ANNUAL CAPS UNDER THE 2013 AGREEMENT

The following table sets out the Proposed Annual Caps in respect of the 2013 Continuing Connected Transactions:

	Year ending 31 December		
	2014 <i>(USD)</i>	2015 <i>(USD)</i>	2016 <i>(USD)</i>
Proposed annual caps	1,000 million	1,200 million	1,500 million

The Proposed Annual Caps are determined by reference to: (i) the respective financial resources of the parties to the 2013 Agreement; (ii) the respective needs of the business development of the Group and the Jinchuan Group; (iii) historical trading volume under the 2011 Agreement; (iv) historical prices of the Mineral and Metal Products; (v) possible fluctuations in prices of the Mineral and Metal Products in the future; and (vi) a buffer to cater for potential business growth.

Shareholders should note that the Proposed Annual Caps represent an estimate based on information currently available and that the actual utilisation and sufficiency of the Proposed Annual Caps would depend on a number of factors, including but not limited to, the price of the Mineral and Metal Products and the demand of Jinchuan Group. The Proposed Annual Caps have no direct relationship to, nor should be taken to have any bearing on, the Group's financial or potential financial performance.

REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS

The principal business of the Company and its subsidiaries is in the exploration and exploitation of base metals mining assets and related trading. Following the completion of the acquisition of Jin Rui Mining Investment Limited on 14 November 2013, the Company has obtained a significant portfolio of mineral assets and has successfully repositioned itself as an international upstream base metals company. Jinchuan is a company incorporated in the PRC and its principal business is production of nickel, copper, cobalt, platinum group metals, nonferrous metal plates, chemical products and chemicals of nonferrous metals.

The Board believes that, the proposed 2013 Continuing Connected Transactions can broaden the revenue bases of the Company and its subsidiaries and help developing the expertise and experience of the Company and its subsidiaries in mineral products trading, which will enhance the competitiveness of the Company in the future.

Furthermore, the arrangement between the Group and the Jinchuan Group under the 2013 Agreement is non-exclusive and there should be no bias or preference for the Group to deal with Jinchuan Group.

The Directors (except the independent non-executive Directors whose view will be formed after obtaining the advice of the Independent Financial Adviser) consider that:

- (a) the terms and conditions of the 2013 Agreement were negotiated between the parties on an arm's length basis and are on normal commercial terms that are fair and reasonable;
- (b) the Proposed Annual Caps are fair and reasonable; and
- (c) the 2013 Agreement and the 2013 Continuing Connected Transactions will be conducted in the ordinary and usual course of business of the Company and its subsidiaries and are in the interest of the Company and the Shareholders as a whole.

In particular, the Directors (except the independent non-executive Directors whose view will be formed after obtaining the advice of the Independent Financial Adviser) believe that the pricing mechanism as provided in the 2013 Agreement is fair and reasonable. The trading prices of the Mineral and Metal Products are determined by reference to the prices of copper, nickel and other relevant metals as announced by the London Metal Exchange and London Bullion Market Association and after making certain adjustments taking into account various factors including, among other things, the treatment and refinery charges, bank financing and related charges, foreign exchange differences and the Company's reasonable profit margin (on top of the aforementioned costs), which is similar to the pricing mechanism under the 2011 Agreement.

If the Independent Shareholders' approval for the 2013 Agreement is not obtained at the EGM, the 2013 Continuing Connected Transactions as provided in the 2013 Agreement will not proceed. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.

GENERAL

The Independent Board Committee consisting of Mr. Gao Dezhu, Mr. Wu Chi Keung, and Mr. Yen Yuen Ho, Tony, being the three independent non-executive Directors, has been established to advise the Independent Shareholders in connection with the 2013 Agreement and the 2013 Continuing Connected Transactions (including the Proposed Annual Caps). Investec Capital Asia Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection as well.

A circular including, among other information, (1) a letter from the Board containing further details of the 2013 Agreement; (2) a letter from the Independent Board Committee setting out its recommendations in connection with the 2013 Agreement and the 2013 Continuing Connected Transactions (including the Proposed Annual Caps) to the Independent Shareholders; (3) a letter from the Independent Financial Adviser containing its advice in connection with the 2013 Agreement and the 2013 Continuing Connected Transactions (including the Proposed Annual Caps) to the Independent Board Committee and the Independent Shareholders; and (4) a notice of the EGM will be despatched to the Shareholders on or before 11 December 2013.

DEFINITIONS

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

“2011 Agreement”	the framework agreement dated 18 July 2011 entered into between the Company and Jinchuan for trading of Mineral and Metal Products between the Group and the Jinchuan Group
“2011 Circular”	the circular of the Company in relation to the 2011 Agreement dated 8 August 2011
“2011 Continuing Connected Transactions”	collectively, the continuing connected transactions between the Group and the Jinchuan Group for the period from 24 August 2011 to 31 December 2013 under the 2011 Agreement
“2013 Agreement”	the framework agreement dated 2 December 2013 entered into between the Company and Jinchuan for trading of Mineral and Metal Products between the Group and the Jinchuan Group for the three years commencing 1 January 2014 up to 31 December 2016
“2013 Continuing Connected Transactions”	collectively, the continuing connected transactions between the Group and the Jinchuan Group contemplated under the 2013 Agreement
“associates”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	Jinchuan Group International Resources Co. Ltd, a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange
“connected person”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting to be convened for, among other matters, approving the 2013 Agreement and the 2013 Continuing Connected Transactions (including the Proposed Annual Caps)

“Group”	collectively, the Company and its subsidiaries and associates controlled by the Company from time to time
“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 committee of the Board, consisting of the three independent non-executive Directors, established to advise the Independent Shareholders in connection with the 2013 Agreement and the 2013 Continuing Connected Transactions (including the Proposed Annual Caps)
“Independent Financial Adviser”	the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in connection with the 2013 Agreement and the 2013 Continuing Connected Transactions (including the Proposed Annual Caps)
“Independent Shareholders”	the Shareholders but excluding Jinchuan and its associates
“Jinchuan”	金川集團股份有限公司 (Jinchuan Group Co., Ltd.*), a stated-owned enterprise established in the PRC and the controlling shareholder of the Company
“Jinchuan Group”	collectively, Jinchuan and its subsidiaries and associates controlled by it from time to time, for the purpose of this announcement, excluding the Group
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Mineral and Metal Products”	mineral products, metal products and other raw materials the Jinchuan Group needs for its own production and for its sale to third parties, including but not limited to copper or nickel ores and concentrates, copper or nickel cathodes and other forms of copper, nickel or other metals bearing raw materials
“PRC”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

* For identification purpose only

“Proposed Annual Caps”	the proposed annual caps in respect of the 2013 Continuing Connected Transactions for the years ending 31 December 2014, 2015 and 2016 respectively
“Share(s)”	ordinary shares of HK\$0.01 each in the issued share capital of the Company
“Shareholder(s)”	the holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“USD”	US dollars, the lawful currency of the United States
“%”	per cent.

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.

Certain English translation of Chinese names or words in this announcement are included for information only, and are not official English translations of such Chinese names or words.

By order of the Board
Jinchuan Group International Resources Co. Ltd
Mr. Yang Zhiqiang
Chairman

Jinchang City, Gansu Province, the People’s Republic of China
2 December 2013

As at the date of this announcement, the Board consists of 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.