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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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
DISPOSAL OF CARISSA BAY INC.**

The Board is pleased to announce that on 24 June 2013, the Company entered into the Sale and Purchase Agreement with the Purchaser and Madam Cheng, pursuant to which the Company agreed to dispose of, and the Purchaser agreed to acquire, the Sale Share, being the entire issued share capital of the Target Company, which is a wholly-owned subsidiary of the Company, on the terms and subject to the condition of the Sale and Purchase Agreement.

Given that certain applicable percentage ratios in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

In addition, the Purchaser is an associate of Madam Cheng who, in turn, is a director of CMM, which is a wholly-owned subsidiary of the Target Company and hence an indirect wholly-owned subsidiary of the Company. Accordingly, the Purchaser is a connected person of the Company and the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As certain applicable percentage ratios in respect of the Disposal exceed 5%, the Disposal is subject to the reporting, announcement and independent shareholders' approval requirements as required under Chapter 14A of the Listing Rules.

So far as the Board is aware, no shareholder of the Company is required to abstain from voting on resolutions to approve the Disposal if the Company were to convene a general meeting. The Company has obtained a written shareholder's approval dated 14 June 2013 from Jinchuan (BVI) Limited, and its three wholly-owned subsidiaries who are the immediate shareholders of the Company, in relation to the approval of the Disposal. As at the date of this announcement, Jinchuan (BVI) Limited indirectly holds an aggregate of 1,667,142,857 shares in the Company, representing approximately 60.52% of the total issued share capital of the Company. The Company has applied for, and the Stock Exchange has granted to the Company, a waiver from strict compliance with the requirement for holding a general meeting to seek independent shareholders' approval in respect of the Disposal pursuant to Rule 14A.43 of the Listing Rules, on the basis that no shareholder of the Company would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal and the Company has obtained the written shareholder's approval from Jinchuan (BVI) Limited in respect of the Disposal.

A circular containing, amongst others, (1) further information on the Disposal; (2) the recommendation from the Independent Board Committee in respect of the Disposal; and (3) the advice from the independent financial adviser, Investec, appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal, will be despatched to the shareholders of the Company for information as soon as practicable and is currently expected to be despatched on or before 9 July 2013.

INTRODUCTION

The Board is pleased to announce that on 24 June 2013, the Company entered into the Sale and Purchase Agreement with the Purchaser and Madam Cheng, pursuant to which the Company agreed to dispose of, and the Purchaser agreed to acquire, the Sale Share, being the entire issued share capital of the Target Company, which is a wholly-owned subsidiary of the Company, on the terms and subject to the condition of the Sale and Purchase Agreement, at a consideration of HK\$24,750,000.

SALE AND PURCHASE AGREEMENT

Date

24 June 2013

Parties

- (1) the Company, being the seller;
- (2) the Purchaser, an associate of Madam Cheng who, in turn, is a director of CMM and therefore a connected person of the Company; and
- (3) Madam Cheng, being the guarantor of the Purchaser.

Assets to be disposed of

The Company agreed to dispose of, and the Purchaser agreed to acquire, the Sale Share (together with all rights attaching thereto free of any encumbrance from the date of the Sale and Purchase Agreement), being the entire issued share capital of the Target Company, which is a wholly-owned subsidiary of the Company.

Consideration

The consideration payable by the Purchaser to the Company for the Disposal is HK\$24,750,000. The consideration will be paid in a lump sum in cash by the Purchaser to the Company on the date of completion. Madam Cheng has agreed to irrevocably and unconditionally guarantee the full, due and punctual payment of such consideration as and when the same becomes due and payable, as well as the performance of the other obligations of the Purchaser under the Sale and Purchase Agreement.

The consideration has been determined after arm's length negotiations between the parties after taking into account the net asset value of the Target Group as at 31 December 2012. The Directors (excluding the independent non-executive Directors who will provide their view on the Disposal after taking into account the advice to be received from the independent financial adviser, Investec) consider that the terms and conditions of the Sale and Purchase Agreement are fair and reasonable and the Disposal is in the interests of the Company and its shareholders as a whole.

Condition precedent

Completion of the Sale and Purchase Agreement is subject to the Company having obtained the resolution from its shareholders in general meeting approving the Disposal as required under the Listing Rules, or if permitted under the Listing Rules, the written approval from a shareholder of the Company or closely allied group of shareholders of the Company who holds more than 50% in nominal value of the securities of the Company giving the right to attend and vote at the general meeting which, but for such written approval, would be convened to consider the Disposal.

Completion

Completion of the Disposal is expected to take place on the date agreed by the parties which shall be within three days of the fulfillment of the condition precedent. As at the date of this announcement, the condition precedent above has been fulfilled. Accordingly, the Disposal is expected to be completed on or before 27 June 2013.

FINANCIAL INFORMATION ON THE TARGET GROUP

The Target Company is a wholly-owned subsidiary of the Company. The Target Company, together with its subsidiaries (including CMM), represent the cosmetic and beauty business of the Group and are engaged in the distribution of cosmetic and beauty products as well as the provision of related beauty center services and beauty school tuition services in both Hong Kong and the People's Republic of China.

The consolidated net profit (or loss) (before and after taxation) of the Target Group for the two financial years ended 31 December 2011 and 2012 were as follows:

	For the year ended 31 December 2011	For the year ended 31 December 2012
	<i>(unaudited)</i>	<i>(unaudited)</i>
	<i>(HK\$)</i>	<i>(HK\$)</i>
Net profit (or loss) before taxation	(12,343,000)	(7,922,000)
Net profit (or loss) after taxation	(11,968,000)	(10,024,000)

FINANCIAL EFFECT OF THE DISPOSAL

The net proceeds from the Disposal (after deducting the estimated legal expenses and other related expenses) is estimated to be HK\$24.3 million. The net gain arising from the Disposal is expected to be approximately HK\$4.1 million for the Company, being the difference between the net proceeds of approximately HK\$24.3 million and the carrying value of the Sale Share of HK\$20.2 million as at 31 December 2012. The Company currently intends to apply the net proceeds for provision of additional working capital.

Upon completion of the Disposal, the Target Company will cease to be a subsidiary of the Company, and the financial results of the Target Company and its subsidiaries (including CMM) will no longer be consolidated into the Group's financial statements after completion.

INFORMATION ON THE PURCHASER

The Purchaser is incorporated in the British Virgin Islands and is an investment holding company. It is 70% owned by Madam Cheng, a director of CMM, which is an indirect wholly-owned subsidiary of the Company, and 30% indirectly owned by Huang Chen Wei Lay, Bernadette, who is a director of CMM and a daughter of Madam Cheng.

INFORMATION ON THE GROUP

The current principal activities of the Group are trading of mineral and metal products and the cosmetic and beauty business. As evidenced by the undertaking of the Disposal, the Company's strategic intention is to continue to transform its business into the mining and mineral resources sector.

REASONS FOR, AND BENEFITS OF, THE DISPOSAL

The Directors consider that the Disposal is consistent with the Company's strategic intention to transform its business into the mining and mineral resources sector and to focus on developing its business in this sector (through organic growth and acquisitions of assets or businesses), and to seek opportunities to dispose of non-performing business and assets at fair consideration.

LISTING RULES IMPLICATIONS

Given that certain applicable percentage ratios in respect of the Disposal exceed 5% but are less than 25%, the Disposal constitutes a discloseable transaction of the Company and is subject to the announcement requirement under Chapter 14 of the Listing Rules.

In addition, the Purchaser is an associate of Madam Cheng who, in turn, is a director of CMM, which is a wholly-owned subsidiary of the Target Company and hence an indirect wholly-owned subsidiary of the Company. Accordingly, the Purchaser is a connected person of the Company and the Disposal also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As certain applicable percentage ratios in respect of the Disposal exceed 5%, the Disposal is subject to the reporting, announcement and independent shareholders' approval requirements as required under Chapter 14A of the Listing Rules.

WRITTEN SHAREHOLDER'S APPROVAL OF THE DISPOSAL

So far as the Board is aware, no shareholder of the Company is required to abstain from voting on resolutions to approve the Disposal if the Company were to convene a general meeting. The Company has obtained a written shareholder's approval dated 14 June 2013 from Jinchuan (BVI) Limited, and its three wholly-owned subsidiaries who are the immediate shareholders of the Company, in relation to the approval of the Disposal. As at the date of this announcement, Jinchuan (BVI) Limited indirectly holds an aggregate of 1,667,142,857 shares in the Company, representing approximately 60.52% of the total issued share capital of the Company. The Company has applied for, and the Stock Exchange has granted to the Company, a waiver from strict compliance with the requirement for holding a general meeting to seek independent shareholders' approval in respect of the Disposal pursuant to Rule 14A.43 of the Listing Rules, on the basis that no shareholder of the Company would be required to abstain from voting if the Company were to convene a general meeting for the approval of the Disposal and the Company has obtained the written shareholder's approval from Jinchuan (BVI) Limited in respect of the Disposal.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Disposal. Investec has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the terms of the Disposal.

DESPATCH OF CIRCULAR

A circular containing, amongst others, (1) further information on the Disposal; (2) the recommendation from the Independent Board Committee in respect of the Disposal; and (3) the advice from the independent financial adviser, Investec, appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal, will be despatched to the shareholders of the Company for information as soon as practicable and is currently expected to be despatched on or before 9 July 2013.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors of the Company
“CMM”	CMM International Group Limited, a company incorporated in the British Virgin Islands with limited liability and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Company”	Jinchuan Group International Resources Co. Ltd (stock code: 2362), a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it in the Listing Rules
“Directors”	directors of the Company
“Disposal”	the disposal of the Sale Share by the Company to the Purchaser on the terms and subject to the condition of the Sale and Purchase Agreement
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Board Committee”	the independent board committee of the Company comprising all the independent non-executive Directors of the Company to advise the Independent Shareholders of the Company in respect of the Disposal

“Independent Shareholders”	shareholders of the Company other than those shareholders of the Company who have a material interest in the Disposal
“Investec”	Investec Capital Asia Limited, a licenced corporation under the SFO for carrying out Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities, the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Madam Cheng”	Madam Cheng Ho Ming (also known as Cheng Ming Ming), a director of CMM
“Purchaser”	Ambleside Associates Limited, a company incorporated in the British Virgin Islands with limited liability, which is 70% owned by Madam Cheng and 30% indirectly owned by Huang Chen Wei Lay, Bernadette, who is a director of CMM and a daughter of Madam Cheng
“Sale and Purchase Agreement”	the agreement dated 24 June 2013 in relation to the sale and purchase of the Sale Share
“Sale Share”	all of the issued share(s) of the Target Company, representing the entire issued share capital of the Target Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Carissa Bay Inc., a company incorporated in the British Virgin Islands with limited liability and a wholly-owned subsidiary of the Company as at the date of this announcement

“Target Group” the Target Company and its subsidiaries (including CMM)

“%” per cent.

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

Hong Kong, 24 June 2013

As at the date of this announcement, the Board consists of three executive Directors, namely Mr. Yang Zhiqiang, Mr. Zhang Sanlin, 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.