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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)

**(1) CONTINUING CONNECTED TRANSACTION
OFFICE LICENCE AGREEMENT
(2) CHANGE OF HEAD OFFICE AND PRINCIPAL PLACE
OF BUSINESS ADDRESS IN HONG KONG**

(1) CONTINUING CONNECTED TRANSACTION

BACKGROUND

On 16 May 2016, GWL (as licensee) entered into the Licence Agreement with GGL (as licensor) pursuant to which GGL has agreed to license to GWL the non-exclusive right to use and occupy the office premises located at Unit 3101, 31/F, United Centre, 95 Queensway, Admiralty, Hong Kong for a term from 16 May 2016 to 31 March 2019.

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 transaction contemplated thereunder constitute continuing connected transaction 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 Transaction exceed 0.1% but are less than 5%, the entering into of the Licence Agreement by GGL is subject to the annual review, reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

(2) CHANGE OF HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS ADDRESS IN HONG KONG

The Board would also like to announce that the Company's head office and principal place of business in Hong Kong will be changed to Unit 3101, 31/F, United Centre, 95 Queensway, Admiralty, Hong Kong with effect from 23 May 2016.

(1) CONTINUING CONNECTED TRANSACTION

1. BACKGROUND

On 16 May 2016, GWL (as licensee) entered into the Licence Agreement with GGL (as licensor) pursuant to which GGL has agreed to license to GWL the non-exclusive right to use and occupy the offices premises located at Unit 3101, 31/F, United Centre, 95 Queensway, Admiralty, Hong Kong for a term from 16 May 2016 to 31 March 2019.

2. THE LICENCE AGREEMENT

Date:	16 May 2016
Licensee:	GWL
Licensor:	GGL
Licensed Premises:	Unit 3101, 31/F, United Centre, 95 Queensway, Admiralty, Hong Kong
Licensed area:	approximately 2,823 square feet
Licence period:	16 May 2016 to 31 March 2019

Licence fee:	HK\$193,888.80 (equivalent to approximately USD24,921) per month (exclusive of government rates and other outgoings and expenses), which is payable in advance on the first day of each month (except for licence fee exempted based on the rent free period of one month from 1 April 2018 to 30 April 2018 granted under the Head Tenancy Agreement)
Government rates payable by GWL:	Proportionate share of the actual amount incurred by GGL under the Head Tenancy Agreement
Other expenses, including utilities, management fees and facilities:	Proportionate share of the actual amount incurred by GGL under the Head Tenancy Agreement
Termination:	The licence (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 GGL ceases to be a tenant of the licensed premises under the Head Tenancy Agreement

3. ANNUAL LICENCE FEES AND ALL OTHER EXPENSES PAYABLE BY GWL AND RELEVANT ANNUAL CAPS

The annual caps for the Continuing Connected Transaction 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:

	Period from 16 May 2016 to 31 December 2016	Year ending 31 December 2017	Year ending 31 December 2018	3 months ending 31 March 2019
Annual cap	HK\$2,025,000 (equivalent to approximately USD260,283)	HK\$3,240,000 (equivalent to approximately USD416,452)	HK\$2,970,000 ^(Note) (equivalent to approximately USD 381,748)	HK\$810,000 (equivalent to approximately USD104,113)

Note: This amount has taken into account the rent free period of one month from 1 April 2018 to 30 April 2018 granted under the Head Tenancy Agreement.

The licence fee and all the other expenses (including government rates, other outgoings and expenses) are determined by GWL and GGL 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, use the licensed premises as its principal office in Hong Kong. In addition, the Company considers it is commercially beneficial to the Group for GGL to sublease the licensed premises to GWL in return for licence fees payable to GGL.

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 transaction contemplated thereunder constitute continuing connected transaction 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 Transaction exceed 0.1% but are less than 5%, the entering into of the Licence Agreement by GGL is subject to the annual review, 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 and Mr. Chen Dexin voluntarily abstained from voting on the board resolutions 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.

(2) CHANGE OF HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS ADDRESS IN HONG KONG

The Board would also like to announce that the Company's head office and principal place of business in Hong Kong will be changed to Unit 3101, 31/F, United Centre, 95 Queensway, Admiralty, Hong Kong with effect from 23 May 2016.

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 Transaction”	the transaction contemplated under the Licence Agreement
“Director(s)”	the director(s) of the Company
“GGL”	Golden Grand Investment Limited (金昌盛投資有限公司), a direct wholly-owned subsidiary of the Company and the licensor 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 licensee of the Licence Agreement
“Head Tenancy Agreement”	the tenancy agreement entered into by GGL for the lease of certain office premises (which include the premises licensed under the Licence Agreement) from certain landlord for the term from 1 April 2016 to 31 March 2019 (during the period from 1 April 2016 to 15 May 2016, the leased office premises were primarily under renovation)
“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 GWL and GGL on 16 May 2016 in respect of the licensing of the premises located at Unit 3101, 31/F, United Centre, 95 Queensway, Admiralty, Hong Kong for a licence period from 16 May 2016 to 31 March 2019
“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

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.

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

Hong Kong, 16 May 2016

As at the date of this announcement, the Board comprises five executive directors, namely Mr. Yang Zhiqiang, Mr. Zhang Sanlin, Mr. Peter Geoffrey Albert, Mr. Zhang Zhong and Mr. Chen Dexin; and three independent non-executive directors, namely Mr. Wu Chi Keung, Mr. Yen Yuen Ho, Tony and Mr. Neil Thacker Maclachlan.