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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)

**SUBSCRIPTION OF NEW SHARES
UNDER SPECIFIC MANDATE
AND
RESUMPTION OF TRADING**

THE SUBSCRIPTION

The Board is pleased to announce that on 20 March 2017, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company conditionally agreed to allot and issue and the Subscriber conditionally agreed to subscribe in cash in the amount of HK\$386,400,000 for a total of 483,000,000 Subscription Shares at the Subscription Price of HK\$0.80 per Subscription Share.

The Subscription Shares represent (i) approximately 11.10% of the existing issued share capital of the Company as at the date of this announcement; and (ii) approximately 9.99% of the total enlarged issued share capital of the Company immediately following completion of the Subscription, assuming there are no other changes in the issued share capital of the Company from the date of this announcement and up to the Completion Date. The Subscription Shares will rank pari passu in all respects among themselves and with all of the Shares in issue as at the date of allotment and issue of the Subscription Shares.

GENERAL

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the EGM. A circular containing, among other things, (i) further details of the Subscription Agreement and the transaction contemplated thereunder, and the granting of the Specific Mandate; and (ii) a notice convening the EGM will be despatched to the Shareholders on or before 3 April 2017. The Company will apply to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 20 March 2017 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption in trading of its Shares with effect from 9:00 a.m. on 21 March 2017.

THE SUBSCRIPTION AGREEMENT

The Board is pleased to announce that on 20 March 2017, the Company entered into the Subscription Agreement with the Subscriber, pursuant to which the Company conditionally agreed to allot and issue and the Subscriber conditionally agreed to subscribe in cash in the amount of HK\$386,400,000 for a total of 483,000,000 Subscription Shares at the Subscription Price of HK\$0.80 per Subscription Share.

Subscription Shares

Pursuant to the terms and conditions of the Subscription Agreement, the Company has conditionally agreed to allot and issue and the Subscriber has conditionally agreed to subscribe in cash in the amount of HK\$386,400,000 for a total of 483,000,000 Subscription Shares at the Subscription Price of HK\$0.80 per Subscription Share.

The Subscription Shares represent:

- (i) approximately 11.10% of the existing issued share capital of the Company as at the date of this announcement; and
- (ii) approximately 9.99% of the total enlarged issued share capital of the Company immediately following completion of the Subscription,

assuming there are no other changes in the share capital of the Company between the date of the Subscription Agreement and the date of completion of the Subscription. The Subscription Shares, when allotted, issued and fully paid, will rank pari passu in all respects among themselves and with all of the Shares in issue as at the date of allotment and issue of the Subscription Shares.

Subscription Price

The Subscription Price of HK\$0.80 per Subscription Share represents:

- (i) a discount of approximately 31.62% to the closing price of HK\$1.17 per Share as quoted on the Stock Exchange on 17 March 2017, being the trading date immediately preceding the date of the Subscription Agreement;
- (ii) a discount of approximately 27.27% to the average closing price of HK\$1.10 per Share as quoted on the Stock Exchange for the last 5 consecutive trading days up to and including 17 March 2017;
- (iii) a discount of approximately 20.79% to the average closing price of HK\$1.01 per Share as quoted on the Stock Exchange for the last 10 consecutive trading days up to and including 17 March 2017;
- (iv) a discount of approximately 5.88% to the average closing price of HK\$0.85 per Share as quoted on the Stock Exchange for the last 30 consecutive trading days up to and including 17 March 2017; and
- (v) a premium of approximately 6.67% to the average closing price of HK\$0.75 per Share as quoted on the Stock Exchange for the last 60 consecutive trading days up to and including 17 March 2017.

The Subscription Price was arrived at after arm's length negotiations between the Company and the Subscriber with reference to, among others, (i) the market price of the Shares in recent months; (ii) the trading volume of the Shares in recent months; and (iii) the benefits to the Group of any possible cooperation in business or otherwise between the Group and the Subscriber. In particular, having considered that the Subscription Price only represents a small discount to the average closing price for the past 30 consecutive trading days and represents a premium over the average closing price for the past 60 consecutive trading days, and that there have not any material changes to the underlying business and operations of the Group over the recent months, the Board considered that the Subscription Price is fair and reasonable. The Board considers that the Subscription Price and the terms and conditions of the Subscription Agreement are fair and reasonable and that the Subscription is in the interests of the Company and the Shareholders as a whole. The aggregate Subscription Price will be payable by the Subscriber in cash upon completion of the Subscription.

Completion of the Subscription

Completion of the Subscription should take place on the Completion Date following the satisfaction of the Conditions pursuant to the terms of the Subscription Agreement.

Such completion is conditional upon (i) the Shareholders having approved the Subscription Agreement and the transaction contemplated thereunder and the granting of the Specific Mandate at the EGM; and (ii) the listing committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares on the Stock Exchange. The Company will apply to the listing committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares. In the event that any of the Conditions is not satisfied, the Subscription Agreement and all rights and obligations thereunder will cease and terminate.

As a term of the Subscription Agreement, the Company has agreed to appoint a person nominated by the Subscriber as a non-executive director of the Company within 30 business days after the Completion Date.

Lock-up undertaking

Pursuant to the Subscription Agreement, the Subscriber has undertaken to the Company that it will not at any time during the period of 12 months commencing from the Completion Date, directly or indirectly, sell, dispose of or pledge any of the Subscription Shares or any shares or interests in any company or entity holding any of the Subscription Shares, or enter into any transactions to the similar effect as that of the aforesaid disposal, or make public announcement of the intention of such disposal. Such restriction should not be applicable if the Subscriber transfers all or part of the Subscription Shares to its subsidiaries or in the event that it disposes of the Subscription Shares by way of top-up placing to facilitate the undertaking of equity financing by the Company.

EFFECT OF THE SUBSCRIPTION ON THE SHAREHOLDING STRUCTURE OF THE COMPANY

The shareholding structure of the Company (i) as at the date of this announcement; and (ii) immediately upon the issue of all of the Subscription Shares (assuming that there are no changes in the issued share capital of the Company from the date of this announcement and up to the Completion Date (other than as a result of the allotment and issue of the Subscription Shares upon completion of the Subscription)) are summarised as follows:

	As at the date of this announcement		Immediately after the issue of the Subscription Shares	
	<i>Number of Shares</i>	<i>Approximate percentage of total issued Shares (%) (Note 1)</i>	<i>Number of Shares</i>	<i>Approximate percentage of total issued Shares (%) (Note 1)</i>
Substantial Shareholders				
Jinchuan Group Co., Ltd*	3,263,022,857	75.00 (Note 2)	3,263,022,857	67.50 (Note 2)
Jinchuan Group (Hongkong) Resources Holdings Limited	3,263,022,857	75.00 (Note 2)	3,263,022,857	67.50 (Note 2)
Jinchuan BVI Limited	3,263,022,857	75.00 (Note 2)	3,263,022,857	67.50 (Note 2)
Jinchuan (BVI) 1 Limited	1,872,226,377	43.03	1,872,226,377	38.73
Jinchuan (BVI) 2 Limited	855,874,372	19.67	855,874,372	17.70
Jinchuan (BVI) 3 Limited	534,922,108	12.29	534,922,108	11.07
Subtotal	3,263,022,857	75.00	3,263,022,857	67.50
The Subscriber	–	–	483,000,000	9.99
Other Public Shareholders	1,087,730,194	25.00	1,087,730,194	22.50
Subtotal	1,087,730,194	25.00	1,570,730,194	32.50
Total	4,350,753,051	100.00	4,833,753,051	100.00

Note:

- 1 Rounded up to two decimal places for disclosure purpose only.
2. 金川集團股份有限公司 (Jinchuan Group Co., Ltd*) directly owns 100% of the issued share capital of Jinchuan Group (Hongkong) Resources Holdings Limited which in turn owns 100% of the issued share capital of Jinchuan (BVI) Limited which owns 100% of the issued share capital of Jinchuan (BVI) 1 Limited, Jinchuan (BVI) 2 Limited and Jinchuan (BVI) 3 Limited. Therefore, Jinchuan Group Co., Ltd*, Jinchuan Group (Hongkong) Resources Holdings Limited and Jinchuan (BVI) Limited are deemed to have an interest in the Company.

REASONS FOR THE SUBSCRIPTION AND USE OF PROCEEDS

The Subscription is intended to serve as a strategic cooperative partnership between the Company and the Subscriber, whereby the Company will leverage on the additional funding to strengthen its financial position and enhance its funding liquidity for internal operations, while further broadening the shareholder base and capital base of the Company.

If the Subscription is approved by the Shareholders at the EGM and proceeds to Completion, the gross proceeds from the Subscription are estimated to be approximately HK\$386,400,000 and the net proceeds from the Subscription, after deduction of the related expenses, are estimated to be approximately HK\$384,400,000, representing a net issue price of approximately HK\$0.796 per Subscription Share. The Company intends to utilise the net proceeds from the Subscription for, including but not limited to, general capital purposes as aforementioned.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

The Company has not conducted any equity fund raising activities during the 12 months immediately preceding the date of this announcement.

GENERAL INFORMATION

Parties to the Subscription Agreement

The Company is an investment holding company and its Shares are listed on the Main Board of the Stock Exchange. The principal business of the Group is in the mining operations, primarily copper and cobalt production, and trading of mineral and metal products.

The Subscriber is an investment holding company and a wholly-owned subsidiary of SD Hi-Speed Huanbohai (Tianjin) Equity Investment Fund (Limited Partnership)* (山東高速環渤海（天津）股權投資基金合伙企業), which is managed by SD Hi-Speed Huanbohai (Tianjin) Equity Investment Fund Management Limited* (山東高速環渤海（天津）股權投資基金管理有限公司). As Shandong Hi-Speed Group Co., Ltd* (山東高速集團有限公司) holds 45% equity interest in SD Hi-Speed Huanbohai (Tianjin) Equity Investment Fund Management Limited, it is the indirect single largest shareholder of the management company. Shandong Hi-Speed Group Co., Ltd* is a state-owned company established in Shandong Province, the PRC which engages in various segments of business including the investment, construction and management of expressways, bridges, railways, ports and airports.

To the best of the Directors' knowledge, information and belief, and having made all reasonable enquiries, the Subscriber and its ultimate beneficial owner are independent third parties, which are not connected with the Company and its connected persons.

Specific Mandate

The Subscription Shares will be allotted and issued under the Specific Mandate to be sought from the Shareholders at the EGM.

The general mandate of the Company, which was granted to the Directors by an ordinary resolution of the Shareholders passed at the annual general meeting of the Company held on 15 June 2016, will not be used for the issue of the Subscription Shares.

EGM

The EGM will be convened for the purpose of considering and, if deemed appropriate, approving the ordinary resolution(s) in respect of Subscription Agreement and the transaction contemplated thereunder, and the granting of the Specific Mandate.

In accordance with the Listing Rules, any Shareholder who has a material interest in the Subscription should abstain from voting on the resolution(s) to approve the Subscription Agreement and the transaction contemplated thereunder at the EGM. To the best of knowledge, information and belief of the Directors as of the date of this announcement, none of the Shareholder has a material interest in the transaction contemplated under the Subscription Agreement nor will be required to abstain from voting on the resolution(s) to approve the Subscription Agreement and the transaction contemplated thereunder at the EGM.

A circular containing, among other things, (i) further details of the Subscription Agreement and the transaction contemplated thereunder, and the granting of the Specific Mandate; and (ii) a notice convening the EGM will be despatched to the Shareholders on or before 3 April 2017.

RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was halted with effect from 9:00 a.m. on 20 March 2017 pending the release of this announcement. An application has been made by the Company to the Stock Exchange for resumption in trading of its Shares with effect from 9:00 a.m. on 21 March 2017.

Since completion of the Subscription is subject to the satisfaction of the Conditions set out in the Subscription Agreement, the Subscription may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

DEFINITIONS

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

“Board”	the board of Directors
“Company”	Jinchuan Group International Resources Co. Ltd (金川集團國際資源有限公司), a company incorporated in the Cayman Islands with limited liability, the Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2362)
“Completion Date”	the third business day after the satisfaction of the Conditions of the Subscription Agreement, or any other day as mutually agreed by the Company and the Subscriber
“Conditions”	the conditions set out under the paragraph headed “Completion of the Subscription” in this announcement
“connected person”	has the meaning as ascribed thereto under the Listing Rules
“Director(s)”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be convened for the purpose of considering and, if deemed appropriate, approving the ordinary resolution(s) in respect of the Subscription Agreement and the transaction contemplated thereunder, and the granting of the Specific Mandate
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	the People’s Republic of China
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company listed on the Stock Exchange

“Shareholders”	holder(s) of the Share(s)
“Specific Mandate”	the specific mandate to be sought from the Shareholders at the EGM for the allotment and issue of the Subscription Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	SD Hi-Speed Investment HK Limited (山東高速環渤海投資(香港)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of SD Hi-Speed Huanbohai (Tianjin) Equity Investment Fund (Limited Partnership)* (山東高速環渤海(天津)股權投資基金合伙企業)
“Subscription”	the subscription of the Subscription Shares by the Subscriber pursuant to the Subscription Agreement
“Subscription Agreement”	the agreement entered into between the Company and the Subscriber on 20 March 2017, pursuant to which the Company conditionally agreed to allot and issue and the Subscriber conditionally agreed to subscribe for the Subscription Shares in accordance with the terms and conditions set out therein
“Subscription Price”	HK\$0.80 per Subscription Share
“Subscription Shares”	the total of 483,000,000 new Shares to be allotted and issued by the Company to the Subscriber at completion of the Subscription
“%”	per cent

On Behalf of the Board
Jinchuan Group International Resources Co. Ltd
Mr. Yang Zhiqiang
Chairman

Hong Kong, 20 March 2017

As at the date of this announcement, the Board comprises four executive directors, namely Mr. Yang Zhiqiang, Mr. Zhang Sanlin, Mr. Chen Dexin and Mr. Zhang Zhong; and two independent non-executive directors, namely Mr. Wu Chi Keung and Mr. Yen Yuen Ho, Tony.

* For identification purposes only