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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)**

**SUPPLEMENTAL AGREEMENT FOR CONTINUING  
CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 2 December 2015, and the circular to the Shareholders dated 21 December 2015 in relation to the continuing connected transactions between Golden Harbour and Lanzhou Jinchuan contemplated under the Agreement.

On 15 June 2016 (after trading hours), Golden Harbour and Lanzhou Jinchuan entered into the Supplemental Agreement to amend certain terms of the Agreement. The Supplemental Agreement is conditional upon the approval of the Independent Shareholders at the EGM.

As at the date of this announcement, Golden Harbour is an indirect wholly-owned subsidiary of the Company. Lanzhou Jinchuan is indirectly held as to approximately 99% by Jinchuan Group, a controlling shareholder of the Company. Through its wholly-owned subsidiaries, Jinchuan Group indirectly owns 3,263,022,857 Shares, representing approximately 75 % of the issued share capital of the Company. Accordingly, Lanzhou Jinchuan is a connected person (as defined under the Listing Rules) of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, since the Company proposes to amend certain terms of the Agreement which constitutes a material change to its terms by way of a Supplemental Agreement, the Company is required to re-comply with the relevant requirements of Chapter 14A of the Listing Rules. Accordingly, proposed amendments to the terms of the Continuing Connected Transactions under the Supplemental Agreement 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 Supplemental Agreement at the EGM.

The EGM will be held for the Independent Shareholders to consider, among other things, the terms of and the entering into of the Supplemental Agreement. A circular including, among other information, (1) a letter from the Board containing further details of the Supplemental Agreement, including the proposed amendments to the terms of the Continuing Connected Transactions under the Supplemental Agreement; (2) a letter from the Independent Board Committee setting out its recommendations in connection with the Supplemental Agreement to the Independent Shareholders; (3) a letter from the Independent Financial Adviser containing its advice in connection with the Supplemental Agreement 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 30 June 2016.

**If Independent Shareholders' approval for the Supplemental Agreement is not obtained at the EGM, the Supplemental Agreement which proposes to amend the terms of the Continuing Connected Transactions will not become effective. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.**

Reference is made to the announcement of the Company dated 2 December 2015 (the “**Announcement**”), and the circular to the Shareholders dated 21 December 2015 (the “**Circular**”) in relation to the continuing connected transactions between Golden Harbour and Lanzhou Jinchuan contemplated under the Agreement.

## **THE SUPPLEMENTAL AGREEMENT**

In the Announcement, it was announced that, amongst others, on 2 December 2015, Golden Harbour entered into the Agreement with Lanzhou Jinchuan, a company indirectly held as to approximately 99% by Jinchuan Group, pursuant to which Golden Harbour has agreed to sell and Lanzhou Jinchuan has agreed to purchase the cobalt hydroxide (the “**Products**”) produced by the Ruashi Mining, a company indirectly held as to 75% by the Company, and further sold to Golden Harbour under the purchase and sales contract entered into between Golden Harbour and Ruashi Mining dated 2 December 2015. Approval from the Independent Shareholders was obtained at the extraordinary general meeting of the Company held on 7 January 2016 for the Agreement and the Continuing Connected Transactions contemplated thereunder.

On 15 June 2016 (after trading hours), Golden Harbour and Lanzhou Jinchuan entered into a supplemental agreement to amend certain terms of the Agreement (the “**Supplemental Agreement**”). The Supplemental Agreement is conditional upon the approval of the Independent Shareholders at the EGM.

As at the date of this announcement, Golden Harbour is an indirect wholly-owned subsidiary of the Company. Lanzhou Jinchuan is indirectly held as to approximately 99% by Jinchuan Group, a controlling shareholder of the Company. Through its wholly-owned subsidiaries, Jinchuan Group indirectly owns 3,263,022,857 Shares, representing approximately 75 % of the issued share capital of the Company. Accordingly, Lanzhou Jinchuan is a connected person (as defined under the Listing Rules) of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, since the Company proposes to amend certain terms of the Agreement which constitutes a material change to its terms by way of a Supplemental Agreement, the Company is required to re-comply with the relevant requirements of Chapter 14A of the Listing Rules. Accordingly, proposed amendments to the terms of the Continuing Connected Transactions under the Supplemental Agreement 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 Supplemental Agreement at the EGM.

Jinchuan Group and its close associates will abstain from voting on the resolution concerning the Supplemental Agreement at the EGM.

None of the Directors have any material interest in the Supplemental Agreement for which they shall be required to abstain from voting on the board resolutions approving the terms of the Supplemental Agreement pursuant to the articles of association of the Company. However, for good corporate governance, Mr. Yang Zhiqiang, Mr. Zhang Sanlin, Mr. Chen Dexin and Mr. Zhang Zhong voluntarily abstained from voting in the meeting of the Board in which the Supplemental Agreement was approved.

## **PROPOSED AMENDMENTS PROVIDED IN THE SUPPLEMENTAL AGREEMENT**

The principal amendments contemplated under the Supplemental Agreement are summarized below:

### **Passing of risks associated with the Products**

Pursuant to the Agreement, all risks of loss, damages and/or destruction to the Products would pass from Golden Harbour to Lanzhou Jinchuan when the Products have passed the ship's rail at the ocean port of loading in Durban, South Africa. Under the Supplemental Agreement, it is proposed that such risks of loss, damages and/or destruction to the Products will pass from Golden Harbour to Lanzhou Jinchuan at the mine site of Ruashi Mine, DRC when the Products are loaded onto Lanzhou Jinchuan's or its agent's means of transport. Accordingly, the burden of risks associated with the Products will be shifted to Lanzhou Jinchuan at a much earlier stage of a transaction pursuant to the Supplemental Agreement, as compared with the previous arrangement under the Agreement. Both parties also agreed that the allocation of risks associated

with the Products in all uncompleted transactions that have been entered into prior to the date of the EGM will be retrospectively adjusted in accordance with the proposed amendments under the Supplemental Agreement, subject to the Independent Shareholders' approval for such proposed amendments being obtained at the EGM.

### **Transportation costs of the Products**

Pursuant to the Agreement, Golden Harbour shall bear all of the transportation costs for transporting the Products to the Tianjin Port, PRC. Under the Supplemental Agreement, Lanzhou Jinchuan has agreed to bear a portion of such transportation costs to be incurred for delivery of the Products to the Tianjin Port, PRC.

### **Basis of the selling prices of the Products**

Under the Supplemental Agreement, for the purpose of calculating the basis of the selling prices of the cobalt contained in cobalt hydroxide delivered by Golden Harbour (as determined by a basis price multiplied by a basis coefficient as detailed in the Announcement), it is proposed that:

- (i) the quotation of the basis price to be amended and tied to the low quotation for low-grade cobalt in the free market as published on the Metal Bulletin during the quotation period (which is a specified pricing period being the month following the month of despatch from the mine site of Ruashi Mine, DRC), with reference to the "free on carrier" trade term under Incoterms 2010 (instead of adopting the low quotation for such low-grade cobalt with reference to the "cost, insurance and freight" trade term under Incoterms 2010 under the Agreement); and
- (ii) the basis coefficient to be amended from 73% to 69.5%, subject to an adjustment based on the cobalt content and impurity element content in the metals.

Save for the amendments disclosed above, there is no other material change to the terms and conditions of the Agreement and hence the Continuing Connected Transactions. The annual caps for the years ending 31 December 2016, 2017 and 2018 in respect of the Continuing Connected Transactions, as approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 7 January 2016, will also remain unchanged.

### **CONDITIONS PRECEDENT TO THE SUPPLEMENTAL AGREEMENT**

The proposed amendments provided in the Supplemental Agreement are conditional upon (i) Golden Harbour and Lanzhou Jinchuan having respectively obtained all necessary internal authorizations, consents and approvals for entering into the Supplemental Agreement; and (ii) the Company having obtained the Independent Shareholders' approval at the EGM for the Supplemental Agreement.

### **REASONS FOR AND BENEFITS IN THE SUPPLEMENTAL AGREEMENT**

Although under the previous arrangements under the Agreement, the basis coefficient was set at a higher level of 73%, Golden Harbour was subject to greater burden and risk in terms of (i) the bearing of all of the transportation costs for transporting the Products to the Tianjin Port, PRC; (ii) the longer time lag in the receipt of payments from Lanzhou Jinchuan of four to eight weeks as the Products were being delivered to Lanzhou Jinchuan later in time; and (iii) the bearing of the risk of loss, damages and/or destruction to the Products during their transportation from Ruashi Mine, DRC to the ocean port of loading in Durban, South Africa. According to the new arrangements under the Supplemental Agreement, the transportation costs mentioned in (i) above to be borne by Golden Harbour will be lower as a portion of the transportation costs will also be borne by Lanzhou Jinchuan and the burden and risk highlighted in (ii) and (iii) above would be passed to Lanzhou Jinchuan, which is balanced by the adjustment of the basis coefficient from 73% to 69.5%.

On this basis, the Directors (except the independent non-executive Directors whose view will be formed after obtaining the advice of the Independent Financial Adviser and set out in the circular of the EGM) consider that the revised terms under the Supplemental Agreement are negotiated between the parties on an arm's length basis and are on normal commercial terms that are fair and reasonable, 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.

### **INFORMATION ABOUT THE PARTIES**

The Group is principally engaged in the mining operation and the trading of mineral and metal products. Golden Harbour is a mineral and metal products trading arm of the Group that helps with the distribution of cobalt hydroxide produced by Ruashi Mine.

Jinchuan Group is a large scale non-ferrous metals mining conglomerate, specialising in mining, concentrating, metallurgy, chemical engineering and further downstream processing. The principal business activities of Lanzhou Jinchuan are new materials development, production and sales, reutilisation, processing and related technical services of mineral and metal products.

## **GENERAL**

The Independent Board Committee consisting of Mr. Wu Chi Keung, Mr. Yen Yuen Ho, Tony and Mr. Neil Thacker Maclachlan, being the three independent non-executive Directors, has been established to advise the Independent Shareholders in connection with the Supplemental Agreement.

Altus Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this connection.

The EGM will be held for the Independent Shareholders to consider, among other things, the terms of and the entering into of the Supplemental Agreement. A circular including, among other information, (1) a letter from the Board containing further details of the Supplemental Agreement, including the proposed amendments to the terms of the Continuing Connected Transactions under the Supplemental Agreement; (2) a letter from the Independent Board Committee setting out its recommendations in connection with the Supplemental Agreement to the Independent Shareholders; (3) a letter from the Independent Financial Adviser containing its advice in connection with the Supplemental Agreement 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 30 June 2016.

**If Independent Shareholders' approval for the Supplemental Agreement is not obtained at the EGM, the Supplemental Agreement which proposes to amend the terms of the Continuing Connected Transactions will not become effective. Shareholders and potential investors of the Company should exercise caution when dealing in the Shares or any other securities of the Company.**

## **DEFINITIONS**

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

“Agreement” the agreement dated 2 December 2015 entered into between Golden Harbour and Lanzhou Jinchuan for the sales and purchase of cobalt hydroxide produced by the Ruashi Mining

“Board” the board of Directors

“close associates”	has the meaning ascribed to it under the Listing Rules
“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
“Continuing Connected Transactions”	the continuing connected transactions between Golden Harbour and Lanzhou Jinchuan contemplated under the Agreement, which were approved by the Independent Shareholders at the extraordinary general meeting of the Company held on 7 January 2016
“Director(s)”	the director(s) of the Company
“DRC”	the Democratic Republic of Congo
“EGM”	the extraordinary general meeting to be convened for, among other matters, approving the Supplemental Agreement
“Golden Harbour”	Golden Harbour International Trading Limited, a company incorporated in Hong Kong and indirectly wholly-owned by the Company
“Group”	the Company and its subsidiaries
“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 Supplemental Agreement
“Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) is the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in connection with the Supplemental Agreement

“Independent Shareholders”	the Shareholders but excluding Jinchuan Group and its close associates
“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 controlling shareholder of the Company
“Lanzhou Jinchuan”	蘭州金川新材料科技股份有限公司 (Lanzhou Jinchuan Advanced Materials Technology Co., Ltd.*), a company incorporated in the PRC, approximately 99% interest of which is indirectly held by Jinchuan Group
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“Ruashi Mine”	an opencast oxide copper and cobalt mine owned by Ruashi Mining and situated in the DRC on the outskirts of Lubumbashi, the capital of Katanga province and processing operations within exploitation permit number 578
“Ruashi Mining”	Ruashi Mining SAS (formerly named as Ruashi Mining Sprl), a company duly incorporated in the DRC and a subsidiary of Ruashi Holdings (Proprietary) Limited, a company incorporated in South Africa and held as to 75% by Metorex (Proprietary) Limited (an indirect wholly-owned subsidiary of the Company)
“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)
“South Africa”	the Republic of South Africa
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiaries”	has the meaning ascribed to it under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong)

\* For identification purpose only

“Supplemental Agreement”	the supplemental agreement dated 15 June 2016 entered into between Golden Harbour and Lanzhou Jinchuan for the sales and purchase of cobalt hydroxide produced by the Ruashi Mining, the terms of which are supplementing the Agreement
“US\$”	US dollars, the lawful currency of the United States
“%”	per cent.

*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*

Hong Kong, 15 June 2016

*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 three independent non-executive directors, namely Mr. Wu Chi Keung, Mr. Yen Yuen Ho, Tony and Mr. Neil Thacker Maclachlan.*