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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold** all your shares in Jinchuan Group International Resources Co. Ltd, you should at once hand this circular and the accompanying proxy form to the purchaser or to the bank, stockbroker or other agent through whom the sale was effected for transmission to the purchaser.

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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)**

**EXCEEDING OF ANNUAL CAP FOR  
A CONTINUING CONNECTED TRANSACTION,  
RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to  
the Independent Board Committee and the Independent Shareholders**

**ALTUS CAPITAL LIMITED**

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A letter from the Board is set out on pages 5 to 11 of this circular. A letter from the Independent Board Committee is set out on page 12 of this circular. A letter from Altus containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 13 to 23 of this circular.

A notice convening the EGM to be held at Unit 3101, 31/F, United Centre, 95 Queensway, Admiralty, Hong Kong at 10:00 a.m on Monday, 16 April 2018 is set out on pages 33 and 34 of this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21F, 148 Electric Road, North Point, Hong Kong, as soon as possible but in any event not less than 48 hours before the time fixed for the holding of the EGM (i.e. before 10:00 a.m. on Saturday, 14 April 2018) or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM if you so wish.

27 March 2018

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## DEFINITIONS

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

“2013 CCT 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 Jinchuan Group
“2015 Cobalt Agreement”	the agreement dated 2 December 2015 entered into between Golden Harbour and Lanzhou Jinchuan for the sale and purchase of cobalt hydroxide produced by Ruashi Mining, as supplemented by the 2016 Cobalt Supplemental Agreement
“2016 Announcement”	the announcement of the Company dated 29 November 2016 in relation to the renewal of the Continuing Connected Transactions for 2017 to 2019
“2016 CCT Agreement”	the framework agreement dated 29 November 2016 entered into between the Company and Jinchuan for trading of Mineral and Metal Products between the Group and Jinchuan Group for the three years commencing from 1 January 2017 up to 31 December 2019
“2016 Cobalt Supplemental Agreement”	the supplemental agreement dated 15 June 2016 entered into between Golden Harbour and Lanzhou Jinchuan for the sale and purchase of the cobalt hydroxide produced by Ruashi Mining, the terms of which are supplementing the 2015 Cobalt Agreement
“2017 Announcement”	the announcement of the Company dated 11 January 2017 in relation to the revision of the 2017-2019 Annual Caps under the 2016 CCT Agreement
“2017 Annual Cap”	the annual cap of USD165 million for the trading of Mineral and Metal Products between the Group and Jinchuan Group for the year ended 31 December 2017 as approved by the then Independent Shareholders at the extraordinary general meeting of the Company held on 27 January 2017
“2017 Transaction Amount”	the aggregate transaction amount for the trading of Mineral and Metal Products between the Group and Jinchuan Group in the sum not exceeding USD212 million under the 2016 CCT Agreement for the year ended 31 December 2017
“2017-2019 Annual Caps”	the annual caps in respect of the Continuing Connected Transactions for the years ending 31 December 2017, 2018 and 2019, respectively

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## DEFINITIONS

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“Altus” or “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 Ratification
“Announcement”	the announcement published by the Company on 9 February 2018 regarding the exceeding of annual cap for a continuing connected transaction
“Articles of Association”	the articles of association of the Company
“associate(s)”	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 (stock code: 2362)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Continuing Connected Transactions”	collectively, the continuing connected transactions for the trading of Mineral and Metal Products between the Group and Jinchuan Group contemplated under the 2016 CCT Agreement
“Director(s)”	the director(s) of the Company
“EGM”, “Extraordinary General Meeting”	the extraordinary general meeting to be convened by the Company at Unit 3101, 31/F United Centre, 95 Queensway, Admiralty, Hong Kong at Monday, 16 April 2018 for, among other matters, approving the Ratification and the re-election of Directors
“Golden Harbour”	Golden Harbour International Trading Limited, a company incorporated in Hong Kong and indirectly wholly-owned by the Company
“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

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## DEFINITIONS

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“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 Ratification
“Independent Shareholders”	Shareholders other than Jinchuan Group 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 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. It indirectly owns 2,975,152,857 Shares, representing approximately 61.5% of the issued share capital of the Company as at the Latest Practicable Date
“Jinchuan Group”	collectively, Jinchuan and its subsidiaries and associates controlled by it from time to time, and for the purpose of this circular, excluding the Group
“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
“Latest Practicable Date”	22 March 2018, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information for inclusion in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Metal Bulletin”	a premium intelligence service for metal and steel professionals, being part of the Euromoney Institutional Investor Plc Group of companies and a recognised publisher of reference prices for long-term cobalt trading contracts which are timely published on its designated website ( <a href="http://www.metalbulletin.com">www.metalbulletin.com</a> ) on a twice-a-week basis for subscribed members and publications
“Mineral and Metal Products”	mineral products, metal products and other raw materials 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, cobalt and its related products
“PRC”	the People’s Republic of China, and for the purposes of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

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## DEFINITIONS

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“Ratification”	the ratification of the 2017 Annual Cap by an amount equal to the 2017 Transaction Amount
“Register of Members”	the register of members of the Company maintained by the branch share registrar of the Company in Hong Kong, Broadroom Share Registrars (HK) Limited at Room 2103B, 21F, 148 Electric Road, North Point, Hong Kong
“Ruashi Mining”	Ruashi Mining SAS, a company incorporated in the Democratic Republic of Congo 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)
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) for the time being in force
“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)
“Sky Hero”	Sky Hero (Hong Kong) Limited, a subsidiary of Jinchuan
“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)
“USD”	US dollars, the lawful currency of the United States
“%”	per cent.

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

\* For identification purpose only

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## LETTER FROM THE BOARD

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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)**

*Executive Directors:*

Mr. Gao Tianpeng (*Chief Executive Officer*)

Mr. Qiao Fugui

*Non-executive Directors:*

Mr. Chen Dexin (*Chairman of the Board*)

Mr. Zhang Youda

Mr. Zeng Weibing

*Independent Non-executive Directors:*

Mr. Wu Chi Keung

Mr. Yen Yuen Ho, Tony

Mr. Poon Chiu Kwok

*Registered office:*

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place of  
business in Hong Kong:*

Unit 3101, 31/F

United Centre

95 Queensway

Admiralty

Hong Kong

27 March 2018

*To the Shareholders*

Dear Sir or Madam,

**EXCEEDING OF ANNUAL CAP FOR  
A CONTINUING CONNECTED TRANSACTION,  
RE-ELECTION OF RETIRING DIRECTORS  
AND  
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**1. INTRODUCTION**

Reference is made to (1) 2016 Announcement in relation to the Continuing Connected Transactions under the 2016 CCT Agreement; (2) the 2017 Announcement and the circular dated 12 January 2017 in relation to the revision of the 2017-2019 Annual Caps of the Continuing Connected Transactions under the 2016 CCT Agreement; and (3) the Announcement.

As mentioned in the Announcement, during a review of the trading data for the month of December 2017 in January 2018, the Group discovered that the 2017 Transaction Amount exceeded the 2017 Annual Cap. The 2017 Annual Cap was exceeded mainly due to an unexpected surge in the price and demand for cobalt particularly in the fourth quarter of 2017 and the oversight of the sale figures of copper blister to Jinchuan Group for 2017.

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## LETTER FROM THE BOARD

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As the 2017 Transaction Amount exceeded the 2017 Annual Cap, the Company is required to re-comply with the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The purposes of this circular are, among other things:

- (i) to provide the Shareholders with the details of the resolutions to be proposed at the EGM for, among other things, the Ratification and the re-election of Directors;
- (ii) to set out the letter of the Independent Board Committee to the Independent Shareholders;
- (iii) to set out the letter from Altus to the Independent Board Committee and the Independent Shareholders; and
- (iv) to give notice to convene the EGM to consider and, if thought fit, to approve, among other things, the Ratification and the re-election of Directors.

### **2. THE 2017 ANNUAL CAP BEING EXCEEDED**

During a review of the trading data for the month of December 2017 in January 2018, the Group discovered that the 2017 Transaction Amount exceeded the 2017 Annual Cap. The 2017 Annual Cap was exceeded mainly due to an unexpected surge in the price and demand for cobalt particularly in the fourth quarter of 2017 and the oversight of the sale figures of copper blister to Jinchuan Group for 2017.

#### *Background relating to the determination of the 2017 Annual Cap*

Prior to 2017, the continuing connected transactions between the Group and Jinchuan Group was primarily classified under two categories, i.e. the continuing connected transactions regarding the trading of mineral and metal products between the Group and Jinchuan Group and the continuing connected transactions regarding the sale and purchase of cobalt hydroxide produced by Ruashi Mining under the 2015 Cobalt Agreement. The approved annual cap for 2016 for the above categories was USD1,500 million and USD106 million, respectively.

The 2013 CCT Agreement expired on 31 December 2016. Upon renewal of the annual caps for 2017-2019 of the Continuing Connected Transactions under the 2016 CCT Agreement, the Group consolidated the annual caps for both the trading of mineral and metal products and the sale and purchase of cobalt hydroxide produced by Ruashi Mining into one category, i.e. Mineral and Metal Products. As mentioned in the 2016 Announcement, the 2017-2019 Annual Caps in relation to the Continuing Connected Transactions were estimated to be approximately USD300 million, USD500 million and USD700 million for the years ending 31 December 2017, 2018 and 2019, respectively. However, taking into account of the historical transaction amount of the continuing connected transactions between the Group and Jinchuan Group and the under-utilisation of the annual caps in relation to the supply of cobalt hydroxide produced by Ruashi Mining to Lanzhou Jinchuan under the 2015 Cobalt Agreement, the Company, as mentioned in the 2017 Announcement, considered it would be more conservative to reduce the 2017-2019 Annual Caps to USD165 million, USD190 million and USD200 million, respectively. The 2017-2019 Annual Caps were approved by the then Independent Shareholders at the extraordinary general meeting of the Company held on 27 January 2017.



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## LETTER FROM THE BOARD

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### *Basis of determining the 2017 Annual Cap*

As further disclosed in the 2017 Announcement and the circular dated 12 January 2017, the 2017-2019 Annual Caps were determined by reference to, among others, the (1) historical and prevailing prices of the Mineral and Metal Products; and (2) historical trading amounts, including those under the 2013 CCT Agreement and the 2015 Cobalt Agreement. Such estimation was based on information then available to the Group and that the actual utilization and sufficiency of the 2017-2019 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 such product by Jinchuan Group which are beyond the control of the Group.

Due to recession of the non-ferrous metal industry in around 2015-2016, the copper and cobalt prices reached the historical low price level. The Group's trading of Mineral and Metal Products at that time was largely impacted by the global weak metal commodity market. Against such background, the 2017 Annual Cap was determined based on, among other things, the then price trend of the Mineral and Metal Products for 2017 to 2019 and the historical trend of demand of such products by Jinchuan Group.

### *Reasons for the rise in price and demand for cobalt*

However, in 2017, the cobalt market regained momentum. Cobalt benchmark Metal Bulletin price surged from approximately USD14.25/lb as at 31 December 2016 to approximately USD35/lb as at 31 December 2017. In 2017, the cobalt price surged approximately 126% compared with the price in 2016. During 2016 and 2017, the Group conducted a series of technical innovation and efficiency improvement in the operation level of the Group's mining, the Group's total cobalt production volume increased in 2017. In particular, the cobalt price surged and the total transaction volume for cobalt products increased significantly in the fourth quarter of 2017.

### *Reasons for the oversight of the sales of copper blister to Jinchuan Group for 2017*

In 2017, the Group renewed copper blister annual supply contract with Sky Hero, which is a subsidiary of Jinchuan. The copper blister sold to Sky Hero amounted to approximately USD23.4 million (unaudited) at quantity of 3,857 tonnes. For those transactions, the Group earned an aggregate of USD58,000 (unaudited) as profit. Due to low profitability in copper blister transactions, the Group's management team reviewed the strategy and decided to decrease such type of business since the third quarter of 2017. However, due to an oversight and coupled with the fact that the trader in charge of such business left the Group by end of September 2017, only the profit from copper blister (which being USD58,000), rather than the trading revenue of copper blister (which being USD23.4 million) was recorded in the calculation of the transaction amount of the Continuing Connected Transactions for the year ended 31 December 2017.

As a result, the 2017 Transaction Amount has exceeded the 2017 Annual Cap. After final review by the finance team of the Group, the 2017 Transaction Amount would exceed the 2017 Annual Cap by approximately USD47 million (unaudited), or approximately 28.48%.

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## LETTER FROM THE BOARD

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### POSSIBLE REVISION OF THE ANNUAL CAPS

Further, in light of the continuous business development with Jinchuan Group and the price trend of the copper and cobalt prices, the Group is considering revising the annual caps in respect of the Continuing Connected Transactions for the years ending 31 December 2018 and 2019 respectively, and, if possible, setting an annual cap by entering into a supplemental agreement in respect of the Continuing Connected Transactions for the year ending 31 December 2020. The Company will make further announcement and convene shareholders' meeting in relation to the aforesaid pursuant to the requirements of the Listing Rules as and when appropriate.

### LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, Jinchuan is a controlling Shareholder of the Company. Through its wholly-owned subsidiaries, Jinchuan indirectly owns 2,975,152,857 Shares, representing approximately 61.5% 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 Continuing Connected Transactions constitute continuing connected transactions of the Company. Pursuant to Rule 14A.54(1) of the Listing Rules, the Company is required to re-comply with the announcement and shareholders' approval requirements before the 2017 Annual Cap is exceeded. The continuation of the Continuing Connected Transactions under the 2016 CCT Agreement in 2017 after exceeding the 2017 Annual Cap without obtaining the Independent Shareholders' approval on a timely basis constituted a breach of the Listing Rules.

As the 2017 Transaction Amount exceeded the 2017 Annual Cap, the Company shall re-comply with the reporting, announcement and Independent Shareholders' approval requirements. The Board will seek the approval of the Independent Shareholders to approve, among other things, the Ratification at the EGM. Jinchuan and its associates will abstain from voting on the relevant resolution to be passed at the EGM.

### CONFIRMATION OF THE BOARD

The Directors (including the independent non-executive Directors) are of the view that (1) the Continuing Connected Transactions for the year ended 31 December 2017 under the 2016 CCT Agreement have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole, and (2) the Ratification is in the interests of the Company and Shareholders as whole.

None of the Directors have any material interest in the Continuing Connected Transactions for which they would be required to abstain from voting on the relevant board resolution approving the Ratification pursuant to the Articles of Association of the Company. However, for good corporate governance, Mr. Chen Dexin, Mr. Gao Tianpeng, Mr. Qiao Fugui and Mr. Zhang Youda voluntarily abstained from voting on the relevant board resolution in connection with the Ratification, as they also serve as directors and/or senior management of Jinchuan and/or Jinchuan HK.

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## LETTER FROM THE BOARD

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### MEASURES ADOPTED BY THE COMPANY FOR FUTURE COMPLIANCE

The Directors consider that the failure to comply with the requirements under Rule 14A.54(1) of the Listing Rules on a timely basis, which was inadvertent and regretful, was an isolated event. In order to avoid any occurrence of similar events in the future, the Company has taken necessary and additional measures to strengthen the reporting and documentation system of the Company and its subsidiaries including:

1. updating the trend of trading prices of the Mineral and Metal Products regularly by taking into account the development of the Group and market conditions;
2. conducting more frequent reviews on the aggregate volume of the Continuing Connected Transactions and checking with the trading department on the forecast over the volume of the Continuing Connected Transactions to avoid the approved annual cap regarding the Continuing Connected Transactions from being exceeded;
3. expediting the data collection process within the Group including the connected relationship between members within Jinchuan Group and the Group so as to assure all necessary requirements of the Listing Rules are complied with; and
4. enhancing the supervision of the Continuing Connected Transactions of the Group by providing trading data, on a monthly basis, for review by the management and members of the risk management committee and the audit committee of the Company.

In addition, the Company will also make timely announcement(s) and seek Independent Shareholders' pre-approval, initiated by the Board, in the event that any adjustment to an annual cap becomes foreseeable, based on the monthly reports submitted.

### 3. RE-ELECTION OF DIRECTORS

In accordance with Article 16.3 of the Articles of Association, Mr. Gao Tianpeng, Mr. Qiao Fugui and Mr. Zhang Youda shall retire by rotation at the EGM and, being eligible, have offered themselves for re-election. Information of these Directors required to be disclosed by the Listing Rules are set out in Appendix I of this circular.

### 4. EXTRAORDINARY GENERAL MEETING

The Company will convene the EGM on Monday, 16 April 2018 to seek approval from Independent Shareholders on, among other things, the Ratification. Jinchuan Group and its associates (holding an aggregate of 2,975,152,857 Shares in the Company, representing approximately 61.5% of the total issued shares of the Company as at the Latest Practicable Date) will abstain from voting on the resolution in relation to the Ratification at the EGM, at which the proposed resolution regarding the Ratification will be passed by way of ordinary resolution.

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## LETTER FROM THE BOARD

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Set out on pages 33 to 34 is a notice to convene the EGM to be held at Unit 3101, 31/F United Centre, 95 Queensway, Admiralty, Hong Kong at 10:00 a.m. on Monday, 16 April 2018 at which ordinary resolutions will be proposed to the Shareholders to consider, and if thought fit, approve the Ratification and the re-election of Directors.

A proxy form for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the proxy form and return it to the Company's branch share registrar at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the EGM (i.e. before 10:00 a.m. on Saturday, 14 April 2018) or any adjournment thereof. The completion and delivery of a proxy form will not preclude you from attending and voting at the EGM in person.

### **5. VOTING BY WAY OF POLL**

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the EGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

### **6. CLOSURE OF REGISTER OF MEMBERS**

The Register of Members will be closed from Wednesday, 11 April 2018 to Monday, 16 April 2018 (both days inclusive). During such period, no transfer of Shares will be registered from the purpose of determining the entitlement to attend and vote at the EGM. All transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on Tuesday, 10 April 2018. Shareholders whose names are recorded on the Register of Members on Monday, 16 April 2018 are entitled to attend and vote at the EGM.

### **7. RECOMMENDATIONS**

Your attention is drawn to the letter from the Independent Board Committee set out on page 12 of this circular which contains its recommendation to the Independent Shareholders in relation to the Ratification. Your attention is also drawn to the letter from Altus set out on pages 13 to 23 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders in relation to the Ratification, and the principal factors and reasons taken into account in arriving at its recommendations.

The Independent Board Committee, having taken into account the advice of Altus, considers that the Continuing Connected Transactions for the year ended 31 December 2017 under the 2016 CCT Agreement are in the ordinary and usual course of business of the Group, on normal commercial terms and on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, it recommends that the Independent Shareholders vote in favour of the resolution to approve, confirm and ratify the Ratification.

The Directors consider that the resolutions as set out in the Notice of the EGM are in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders vote in favour of all resolutions to be proposed at the EGM.

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## LETTER FROM THE BOARD

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### 8. ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the Appendices to this circular.

Yours faithfully,  
For and on behalf of the Board  
**Jinchuan Group International Resources Co. Ltd**  
**Gao Tianpeng**  
*Executive Director*

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LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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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)**

27 March 2018

*To the Independent Shareholders*

Dear Sir or Madam,

**EXCEEDING OF ANNUAL CAP FOR A CONTINUING CONNECTED TRANSACTION**

We refer to the circular dated 27 March 2018 issued by the Company to its shareholders (the “**Circular**”) of which this letter forms a part. Capitalised terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

We are appointed as members of the Independent Board Committee to advise you on (i) whether the Continuing Connected Transactions for the year ended 31 December 2017 under the 2016 CCT Agreement are conducted in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole; and (ii) whether the Ratification is in the interests of the Company and Shareholders as whole. Altus has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders of the Company on the same. Your attention is drawn to the letter from Altus set out in this Circular.

Having taken into account the principal factors and reasons considered by, and the recommendations of Altus contained in its letter set out on pages 13 to 23 of the Circular, we are of the view that (i) the Continuing Connected Transaction for the year ended 31 December 2017 under the 2016 CCT Agreement have been conducted in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interest of the Company and the Shareholders as a whole; and (ii) the Ratification is in the interest of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve, confirm and ratify the Ratification.

Yours faithfully,  
For and on behalf of  
the Independent Board Committee  
**Jinchuan Group International Resources Co. Ltd**  
**Wu Chi Keung, Yen Yuen Ho, Tony**  
**and Poon Chiu Kwok**  
*Independent Non-executive Directors*

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## LETTER FROM ALTUS

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*The following is the text of a letter of advice from Altus to the Independent Board Committee and the Independent Shareholders in respect of the Ratification, which has been prepared for the purpose of incorporation in this circular.*

# ALTUS.

Altus Capital Limited  
21 Wing Wo Street  
Central  
Hong Kong

27 March 2018

*To the Independent Board Committee and the Independent Shareholders*

**Jinchuan Group International Resources Co. Ltd.**

Unit 3101, 31/F  
United Centre  
95 Queensway  
Admiralty  
Hong Kong

Dear Sir/Madam,

### **RATIFICATION OF THE 2017 ANNUAL CAP FOR A CONTINUING CONNECTED TRANSACTION**

#### **INTRODUCTION**

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Ratification. Details of which are set out in the “Letter from the Board” contained in the circular dated 27 March 2018 (the “**Circular**”) to the Shareholders, of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein or required by the context.

During a review of the trading data for the month of December 2017 in January 2018, the Group discovered that the 2017 Transaction Amount exceeded the 2017 Annual Cap. The 2017 Annual Cap was exceeded mainly due to a surge in the price and demand for cobalt particularly in the fourth quarter of 2017 and the inadvertent oversight of the sale figures of copper blister to Jinchuan Group for 2017. Accordingly, the Company is seeking approval from the Independent Shareholders for the Ratification at the EGM.

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## LETTER FROM ALTUS

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### **LISTING RULES IMPLICATION**

As at the Latest Practicable Date, Jinchuan is the ultimate controlling shareholder of the Company. It indirectly owns through its subsidiaries 2,975,152,857 Shares, representing approximately 61.5% 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 Continuing Connected Transactions constitute continuing connected transactions of the Company.

As the 2017 Transaction Amount exceeded the 2017 Annual Cap, the 2017 Transaction Amount is subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As Jinchuan is the controlling shareholder of the Company, Jinchuan and its associates will abstain from voting on the resolution concerning the Ratification at the EGM.

None of the Directors have any material interest in the Continuing Connected Transactions for the year ended 31 December 2017 for which they would be required to abstain from voting on the board resolution approving the Ratification pursuant to the Articles of Association. However, for good corporate governance, Mr. Chen Dexin, Mr. Gao Tianpeng, Mr. Qiao Fugui and Mr. Zhang Youda, voluntarily abstained from voting on the relevant board resolution in connection with the Ratification, as they also serve as directors and/or senior management of Jinchuan and/or Jinchuan HK.

### **THE INDEPENDENT BOARD COMMITTEE**

The Independent Board Committee consisting of Mr. Wu Chi Keung, Mr. Yen Yuen Ho, Tony and Mr. Poon Chiu Kwok, being all the independent non-executive Directors, has been established to advise the Independent Shareholders on whether the Ratification is fair and reasonable, and to advise the Independent Shareholders on how to vote at the EGM, taking into account the recommendation of the Independent Financial Adviser.

### **THE INDEPENDENT FINANCIAL ADVISER**

As the Independent Financial Adviser to the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to whether (i) the Ratification is fair and reasonable; and (ii) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the EGM.

We had acted as the independent financial adviser to the Company with regards to the continuing connected transactions under the 2016 Cobalt Supplemental Agreement and the continuing connected transactions under the 2016 CCT Agreement, details of which are set out in the letters from Altus contained in the 2016 Circular (as defined below) and 2017 Circular (as defined below) respectively. Save for the aforesaid engagements, we have not acted as the independent financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the Ratification is at market level and not conditional upon successful passing of the resolution at the EGM, and that our engagement is on normal commercial terms, we are independent of the Company.



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## LETTER FROM ALTUS

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### **BASIS OF OUR ADVICE**

In formulating our opinion, we have relied on the statements, information, opinions and representations contained or referred to in a continuing connected transactions circular of the Company dated 15 July 2016 (the “**2016 Circular**”), a renewal of continuing connected transactions circular of the Company dated 12 January 2017 (the “**2017 Circular**”) and the Circular provided to us by the Company, the Executive Directors and the management of the Company (the “**Management**”). We have assumed that all statements, information, opinions and representations contained or referred to in the 2016 Circular, the 2017 Circular and the Circular provided to us by the Management were true, accurate and complete at the time they were made and continued to be so as at the date of the Circular.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We have assumed that all the statements, information, opinions and representations for matters relating to the Company or Jinchuan contained or referred to in the 2016 Circular, the 2017 Circular and the Circular provided to us by the Company, the Executive Directors and the Management have been reasonably made after due and careful enquiry. We have relied on such statements, information, opinions and representations and have not conducted any independent investigation into the business, financial conditions and affairs or the future prospects of the Company or Jinchuan.

### **PRINCIPAL FACTORS AND REASONS CONSIDERED**

#### **1. Background information of the Company and its subsidiaries and their relationship with Jinchuan Group**

##### ***1.1 Principal activities of the Group and Jinchuan Group***

The Company is an investment holding company. The principal business of the Group is in the mining operations, primarily copper and cobalt production and the trading of Mineral and Metal Products. The Company has a significant portfolio of mineral assets and has successfully positioned itself as an international upstream non-ferrous metals company.

Jinchuan 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, specialising in mining, concentrating, metallurgy, chemical engineering and further downstream processing. Its principal business includes the production of nickel, copper, cobalt, platinum group metals, nonferrous metal plates, chemical products and chemicals of nonferrous metals.

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## LETTER FROM ALTUS

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### 1.2 Operating results of the Group

Set out below is a summary of the operating results of the Group for each of the year ended 31 December 2015 and 2016 and the six months ended 30 June 2016 and 2017, as extracted from the annual report of the Company for the year ended 31 December 2016 (the “**2016 Annual Report**”) and the interim report of the Company for the six months ended 30 June 2017 (the “**2017 Interim Report**”) respectively.

	For the year ended 31 December		For the six months ended 30 June	
	2015	2016	2016	2017
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
	<i>(audited)</i>	<i>(audited)</i>	<i>(unaudited)</i>	<i>(unaudited)</i>
Revenue				
– Copper sales				
• Trading of mineral and metal products	137,182	101,659	54,566	52,933
• Mining operations	257,684	205,189	90,948	122,225
	<u>394,866</u>	<u>306,848</u>	<u>145,514</u>	<u>175,158</u>
– Cobalt sales	<u>75,825</u>	<u>57,997</u>	<u>26,456</u>	<u>68,835</u>
	<u><u>470,691</u></u>	<u><u>364,845</u></u>	<u><u>171,970</u></u>	<u><u>243,993</u></u>
Cost of sales	(462,637)	(362,488)	(180,978)	203,868
Gross profit/(loss)	8,054	2,357	(9,008)	40,125
Reversal of impairment loss (Impairment loss)	(312,264)	53,748	–	–
Profit/(loss) for the period/year attributable to owners of the Company	(291,767)	8,347	(15,736)	7,787

Source: The 2016 Annual Report and 2017 Interim Report

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## LETTER FROM ALTUS

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### *1.2.1 For the six months ended 30 June 2017*

Revenue for the six months ended 30 June 2017 was approximately USD244.0 million, representing an increase of approximately 41.9% compared to the revenue for the six months ended 30 June 2016 of approximately USD172.0 million. The increase in revenue from the mining operations was predominantly affected by the increase in copper and cobalt prices in the global market. The average copper cash price received over the six months ended 30 June 2017 increased by approximately 31.5% to USD5,877 per tonne as compared to approximately USD4,468 per tonne for the six months ended 30 June 2016. The average cobalt price (after adjusting for the contracted basis coefficient) has significantly increased by approximately 115.4% for the six months ended 30 June 2017 to USD34,050 per tonne, as compared to approximately USD15,805 per tonne for the corresponding period in 2016. The increase in revenue was also attributable to the increase in the sales volume for the six months ended 30 June 2017, with copper volume increased by approximately 2.2% and cobalt volume increased by approximately 20.8%, compared to respective sales volumes for the six months ended 30 June 2016.

The trading segment, which is all copper-related, recorded a decrease in revenue of approximately 3.1% from approximately USD54.6 million for the six months ended 30 June 2016 to approximately USD52.9 million for the six months ended 30 June 2017. The decrease in revenue from the trading segment was mainly due to the non-renewal of copper concentrate trading business compared to approximately USD5.3 million for the six months ended 30 June 2016, and off-set with increase in copper price during the first half of 2017.

Cost of sales for the six months ended 30 June 2017 increased by approximately 12.6% to approximately USD203.9 million from approximately USD181.0 million for the six months ended 30 June 2016. Such increase was due to the increase in production.

The Group recorded a gross profit of approximately USD40.1 million for the six months ended 30 June 2017 as compared to a gross loss of approximately USD9.0 million for the corresponding period in 2016, which was mainly due to the increase in copper and cobalt prices and the increase in the production volume.

As a result of the above, the Group recorded a profit attributable to owners of the Company of approximately USD7.8 million for the six months ended 30 June 2017 as compared with a loss attributable to owners of the Company of approximately USD15.7 million for the corresponding period last year.

### *1.2.2 For the year ended 31 December 2016*

Revenue for the year ended 31 December 2016 was approximately USD364.8 million, representing a decrease of approximately 22.5% from approximately USD470.7 million for the year ended 31 December 2015. The decrease in revenue was mainly attributable to a worldwide downturn in commodity prices including copper, which was the main driving

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## LETTER FROM ALTUS

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factor for the decrease in the Group's overall sales revenue. The copper mining revenue dropped by approximately 20.4% from 2015 to 2016 due to the lower copper prices and lower output of copper. The cobalt revenue decreased by approximately 23.5% from 2015 to 2016 due to the decrease in production volume.

The Trading of Mineral and Metal Products segment recorded a significant decrease in revenue on sales of copper related raw materials by approximately 25.9% from approximately USD137.2 million for the year ended 31 December 2015 to approximately USD101.7 million for the year ended 31 December 2016 due to the then less favourable market conditions.

Cost of sales for the year ended 31 December 2016 was at a lower level compared to the cost of sales for the year ended 31 December 2015. The decrease was mainly attributable to the lower volume sold and the continued implementation of cost savings measures during the year ended 31 December 2016.

Gross profit of the Group decreased by approximately 70.4% from approximately USD8.1 million for the year ended 31 December 2015 to approximately USD2.4 million for the year ended 31 December 2016, which was mainly due to the decrease in copper price and the decrease in production volume.

During the year ended 31 December 2016, the Group recorded a non-cash reversal of impairment loss of approximately USD67.8 million on the mineral rights, and an impairment loss of approximately USD14.0 million on the exploration and evaluation assets respectively. The reversal of impairment loss was resulted from the change in value of the principal parameters used in the 2015 impairment assessment in the mining operations, mainly the higher price estimate for commodities, namely copper and cobalt, and the lower cost estimate resulted from the successful implementation of cost control measures in 2016.

As a result of the above, the Group's recorded profit for the year attributable to owners of the Company of approximately USD8.3 million for the year ended 31 December 2016 as compared to a loss of approximately USD291.8 million recorded for the year ended 31 December 2015 (attributable principally to an impairment loss of approximately USD312.3 million for the year ended 31 December 2015).

### ***1.3 Relationship between the Group and Jinchuan Group***

As set out in the 2016 Annual Report and the 2017 Interim Report respectively, the Company serves as the flagship of Jinchuan Group for undertaking overseas operations in the exploration and exploitation of mining assets and related trading of raw materials and products of nonferrous metal including, copper and cobalt, while it continues to leverage on the background and expertise of Jinchuan Group to pursue mining investment opportunities.

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## LETTER FROM ALTUS

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Taking into account the principal activities of the Group and Jinchuan Group and the relationship between them mentioned above, we consider that the 2016 CCT Agreement and the Continuing Connected Transactions adhere to the business strategy of the Company, represent a continuation of the long-term relationship between the Group and Jinchuan Group and will be conducted in the ordinary and usual course of business of the Group.

### **2. The 2017 Annual Cap and the basis to determine such cap**

As set out in the “Letter from the Board” of the 2017 Circular, the 2017 Annual Cap was determined by reference to: (i) the respective financial resources of the parties to the 2016 CCT Agreement; (ii) the respective needs of the business development of the Group and Jinchuan Group; (iii) the expanded scope of Mineral and Metal Products that the Group sourced from third parties or produced by the mines of the Group pursuant to the 2016 CCT Agreement, in particular the inclusion of the supply of cobalt and its related product, including but not limited to the transactions contemplated under the remaining terms of the 2015 Cobalt Agreement (having taken into account the potential output fluctuations); (iv) the historical and prevailing prices of the Mineral and Metal Products; (v) the historical trading amounts, including those under the 2013 CCT Agreement and the 2015 Cobalt Agreement; (vi) the possible fluctuations in prices of the Mineral and Metal Products in the future; and (vii) a buffer to cater for potential business growth and exchange rate fluctuation.

In particular, in respect of the 2017 Annual Cap, it has been determined with reference to (i) the then annual cap for the year ended 31 December 2017 under the 2015 Supplemental Cobalt Agreement as approved by the then independent shareholders of the Company at the extraordinary general meeting of the Company held on 1 August 2016; (ii) the historical trading amounts for the year ended 31 December 2016 under the 2013 Continuing Connected Transactions; (iii) the sales volume of cobalt hydroxide by the Group to Jinchuan Group which had been steadily growing along with the gradual increase in production capacity of Ruashi Mine; and (iv) the trend of copper and cobalt prices in the fourth quarter of 2016.

Taking into account of the low utilisation rate of the historical annual caps under the 2013 CCT Agreement, the under-utilisation of the historical annual caps under the 2015 Cobalt Agreement, and the above factors, the Company considered that it would be more conservative to reduce the 2017 Annual Cap to USD165 million.

During the review period between 18 November 2011 to 11 January 2017 (as set out in the paragraph headed “4.2.1 The proposed annual cap for the year ending 31 December 2017” in the letter from Altus of the 2017 Circular), the highest quotations for copper and cobalt prices were approximately USD8,740 and USD33,225 recorded on 9 February 2012 and 18 January 2016 respectively and the lowest quotations for copper and cobalt prices were approximately USD4,331 and USD21,750 recorded on 15 January 2016 and 1 February 2016 respectively. Given that the volatility can be very acute and occur in a short time frame, the Management believed and we concurred that a buffer in the then proposed annual caps for the years ending 31 December 2017, 2018 and 2019 was required to cater for the fluctuations of commodity prices over the three financial years ending 31 December 2019 under the 2016 CCT Agreement.

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## LETTER FROM ALTUS

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Having considered the above factors, in particular (i) the factors to derive the then proposed annual caps for the cobalt sales of the Group remained valid, fair and reasonable; (ii) the historical copper sales recorded for the six months ended 30 June 2016; and (iii) the latest copper and cobalt price trends (as shown in the historical copper and cobalt price chart set out in the paragraph headed “4.2.1 The proposed annual cap for the year ending 31 December 2017” in the letter from Altus of the 2017 Circular), the volatile nature of the commodity market and the potential fluctuation of commodity prices, we considered that the proposed annual cap for the year ended 31 December 2017 to be fair and reasonable and in the interests of the Company and the Shareholders as a whole.

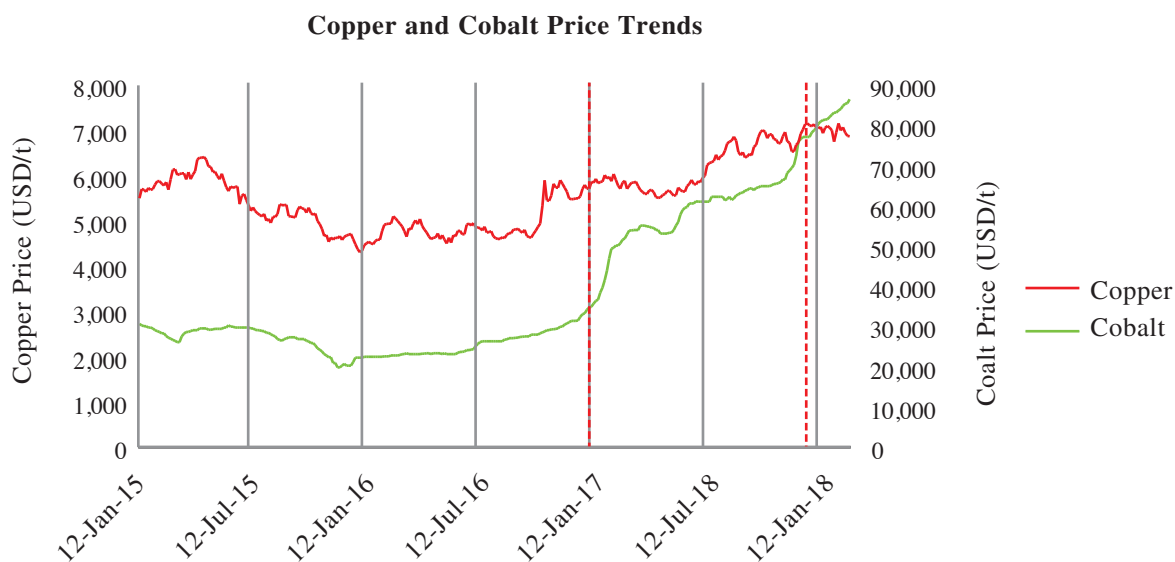
We have also highlighted to the Shareholders that the 2017-2019 Annual Caps represent an estimate based on information then available and that the actual utilisation and sufficiency of the 2017-2019 Annual Caps would depend on a number of factors, including but not limited to, the price of the Mineral and Metal Products. The 2017-2019 Annual Caps have no direct relationship to, nor should be taken to have any bearing on, the Group’s financial or potential financial performance.

### 3. Reasons for exceeding the 2017 Annual Cap

#### 3.1 Rise in price and demand for cobalt

According to the Management, the cobalt market regained momentum. Cobalt benchmark Metal Bulletin price surged from approximately USD31,416 per tonne as at 31 December 2016 to approximately USD77,162 per tonne as at 31 December 2017, representing an increase of approximately 145.6%.

Set out below is the chart showing the copper and cobalt prices between 12 January 2015 (i.e. 2 years prior to the date of the 2017 Circular) to the Latest Practicable Date for the purpose of illustrating copper and cobalt historical price trends.



Source: Company. It has made reference to LME historical price.

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## LETTER FROM ALTUS

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As shown from the chart above, when the Management was preparing the 2017 Circular and considering the 2017 Annual Cap for the Continuing Connected Transactions under the 2016 CCT Agreement, the cobalt price was relatively low and remained stable between USD20,944 per tonne to USD31,416 per tonne during 2015 and 2016.

Due to the increasing demand for new energy vehicles and related batteries, since early 2017, cobalt market regained momentum. Cobalt benchmark Metal Bulletin price surged from USD33,069 per tonne as at 11 January 2017 (being the latest practicable date used in the 2017 Circular) to USD60,627 per tonne as at 30 June 2017, representing an increase of approximately 83.3%. Then the price continued to rise steadily from USD60,627 per tonne as at 30 June 2017 to USD64,375 per tonne as at 29 September 2017. Thereafter, the price surge again in the last quarter of 2017 from USD64,375 per tonne as at 4 October 2017 to USD77,162 per tonne as at 29 December 2017, representing an increase of approximately 19.9%.

During 2016 and 2017, the Group conducted a series of technical innovation and efficiency improvement in the operation level of the Group's mining. Accordingly, the Group's total cobalt sales volume increased from 3,264 tonnes in 2016 to 3,451 tonnes for the first three quarters of 2017 and further increased to 4,677 tonnes by the fourth quarter of 2017.

Due to increase of cobalt price, in particular, the continued and significant increase in the last quarter of 2017, and improved productivity, the total transaction volume for cobalt products increase significantly in 2017.

### ***3.2 Reasons for the inadvertent oversight of the sales of copper blister to Jinchuan Group for 2017***

In 2017, the Group renewed the copper blister annual supply contract with Sky Hero, which is a subsidiary of Jinchuan Group. However, in view of the low profitability of the copper blister trading business, the Management decided to reduce such type of business since the third quarter of 2017. For the year ended 31 December 2017, the total amount of copper blister sold to Sky Hero amounted to approximately USD23.4 million (unaudited) and generate an aggregate profit before taxation of USD58,000 (unaudited).

Due to an oversight and coupled with the fact that the trader in charge of such business left the Group by end of September 2017, only the profit generated from the trading of copper blister (i.e. USD58,000), rather than the trading revenue of copper blister (i.e. USD23.4 million) was recorded in the calculation of the transaction amount of the Continuing Connected Transactions for 2017.

### ***3.3 Section summary***

In view of the abovementioned reasons, the 2017 Transaction Amount has exceeded the 2017 Annual Cap. According to the Management, the 2017 Transaction Amount would exceed the 2017 Annual Cap by approximately USD44.6 million (unaudited), or approximately 27.0%. In other words, the 2017 Transaction Amount would be approximately USD209.6 million, which is the subject of the Ratification.

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## LETTER FROM ALTUS

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Taking into account the above, we have no reason to cast doubt on the explanation by the Management. According to the Management, they reviewed sales with connected person on a monthly basis, and realised the amount exceeded the 2017 Annual Cap in January 2018 when they obtained the December 2017 figures. Thus the Management has no chance to seek Independent Shareholders' pre-approval in 2017. Under the aforesaid background, the Ratification is the only proper remedial action initiated by the Board and we believe this to be fair and reasonable.

#### **4. Measures adopted by the Company to ensure future compliance with the Listing Rules**

As described in the "Letter from the Board" of the Circular, the Directors considered that the failure to comply with the requirements under Rule 14A.54(1) of the Listing Rules on a timely basis, which was inadvertent and regretful, was an isolated event. In order to avoid any occurrence of similar events in the future, the Company has taken necessary and additional measures to strengthen the reporting and documentation system of the Company and its subsidiaries. Details of which are set out in the "Letter from the Board" of the Circular.

In addition, the Company will make timely announcement(s) and seek Independent Shareholders' pre-approval, initiated by the Board, in the event that any adjustment to any annual cap becomes foreseeable, based on the monthly reports submitted.

Although the control measures are in place, the Company has recently enhanced the relevant control measures by increasing the frequency of review and reporting system. Hence, in order to assess whether the above enhanced internal control measures are sufficient for monitoring the future transactions contemplated going forward, we have reviewed the internal control manual adopted by the Management of the Company, detailing the guidance and policies for conducting the transactions contemplated under the 2016 CCT Agreement going forward, the operational flowchart, and had discussions with the management team of the Company, including the Chief Executive Officer and the Chief Financial Officer of the Company of the abovementioned enhanced internal control measures.

With reference to the above, we noted that the internal control procedures of the Group are in place and the Management believes, and we concur that the enhanced internal control measures of the Group are sufficient for the purpose of monitoring the transactions contemplated under the 2016 CCT Agreement going forward.

Given the above, we consider that there exist appropriate procedures and arrangements to ensure that the transactions contemplated under the 2016 CCT Agreement will continue to be conducted on terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole; and on normal commercial terms and in the ordinary and usual course of business of the Group.



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## LETTER FROM ALTUS

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### RECOMMENDATION

Having considered the above principal factors, we are of the view that (i) this is an isolated event; (ii) the Ratification is the only proper remedial action initiated by the Board and is fair and reasonable; (iii) the enhanced internal control measures are sufficient for monitoring the future transactions contemplated going forward; and (iv) the Continuing Connected Transactions made during the year ended 31 December 2017 were carried out in accordance with the terms of the 2016 CCT Agreement which are fair and reasonable; on normal commercial terms conducted in the ordinary and usual course of business of the Company and its subsidiaries and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution approving the Ratification at the EGM.

Yours faithfully,  
For and on behalf of  
**Altus Capital Limited**  
**Jeanny Leung**  
*Executive Director*

*Ms. Jeanny Leung (“Ms. Leung”) is a Responsible Officer of Altus licensed to carry on Type 6 (advising on corporate finance) regulated activity under the SFO and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has about 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

*For the purpose of this letter, 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.*

Information, as at the Latest Practicable Date, of the three retiring Directors, namely Mr. Gao Tianpeng, Mr. Qiao Fugui and Mr. Zhang Youda, proposed to be re-elected at the EGM:

**EXECUTIVE DIRECTORS****Gao Tianpeng**

Mr. Gao, aged 46, BEng and EMBA, is currently the executive Director, the Chief Executive Officer, a member of the Risk Management Committee and the Strategy and Investment Committee, and the authorized representative of the Company. Mr. Gao has been a member of the Board since August 2017.

During his 25-year career in Jinchuan, Mr. Gao served in various positions including acting as a non-executive Director of the Company for the period from 30 November 2010 to 21 March 2014, overseeing various matters including cost management, financial management, international trading management, risk management, foreign exchange business, capital operation and equity division reform of Jinchuan Group and daily affairs of the board of directors. He was also a manager of the Cost Branch of Financial Department of Jinchuan Group, manager of Financial Department of International Trading, general manager of Risk Management Department, general manager of Capital Operation Department, the general manager of International Department of Resources Capital of Jinchuan Group and vice general manager of China Jinchuan Investment Holding Limited, the director of Metorex successively. He has extensive experience in financial cost management, risk management and asset management.

Mr. Gao has entered into a letter of appointment dated 23 August 2017 with the Company for an initial term commencing from 23 August 2017 to 22 August 2020, subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the Articles of Association, and no director's fee will be paid to Mr. Gao in respect of his appointment as an executive Director.

Save as disclosed above and as at the Latest Practicable Date, Mr. Gao does not (i) hold any interests in the shares of the Company within the meaning of Part XV of the SFO; (ii) have any relationship with any other directors, senior management, substantial shareholder or controlling shareholder of the Company; (iii) hold any other position with the Company or its subsidiaries; and (iv) hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

**Qiao Fugui**

Mr. Qiao, aged 52, is the executive Director, a member of the Remuneration and Nomination Committee and the Strategy and Investment Committee of the Company. Mr. Qiao has been a member of the Board since August 2017.

Mr. Qiao graduated in 1988 from Central South University of Technology (now Central South University) majoring in Mineral Exploration. He then obtained his MSEE in 2005 from Kunming University of Science and Technology majoring in Geological Engineering. Mr. Qiao is currently the assistant of the president of Jinchuan Group and the chairman and general manager of Metorex (subsidiary of Jinchuan Group). During his 29-year career, Mr. Qiao served in various positions including acting as a non-executive Director of the Company for the period from 30 November 2010 to 1 January 2014, and working in Jinchuan as the vice manager of the Mining area 3 of Jinchuan Group, vice director of the Mine Department (responsible for the overall work), vice director of the Planning and Development Department, general manager of the Mineral Resources Department, manager of the Mining area 3 of Jinchuan Group, Chairman of Gansu Jin Ao Mining Limited (a joint venture of Jinchuan Group and BHP) (resigned in 2015) and director of GobiMin Inc.<sup>1</sup> (resigned on 1 March 2018) successively. He is a technical professional with extensive operational management experience in mineral exploration and development.

Mr. Qiao has entered into a letter of appointment dated 23 August 2017 with the Company for an initial term commencing from 23 August 2017 to 22 August 2020, subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the Articles of Association, and no director's fee will be paid to Mr. Qiao in respect of his appointment as an executive Director.

Save as disclosed above and as at the Latest Practicable Date, Mr. Qiao does not (i) hold any interests in the shares of the Company within the meaning of Part XV of the SFO; (ii) have any relationship with any other directors, senior management, substantial shareholder or controlling shareholder of the Company; (iii) hold any other position with the Company or its subsidiaries; and (iv) hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

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<sup>1</sup> The shares of GobiMin Inc. are listed on the TSX Venture Exchange and the symbol of which is GMN.

**NON-EXECUTIVE DIRECTOR****Zhang Youda**

Mr. Zhang Youda, aged 44, is the non-executive Director, a member of the Audit Committee, the Risk Management Committee and the Strategy and Investment Committee of the Company. Mr. Zhang has been a member of the Board since August 2017.

Mr. Zhang started his career in 1991 after getting his master degree of business administration. He is a senior accountant, senior economist, leading talent in accounting both in Gansu province and in China at large, expert consultant of Internal Standards-Controlling Committee of China's Ministry of Finance, AAIA (Associate Member of The Association of International Accountants) and CGMA (Chartered Global Management Accountant). He is currently the general manager of Financial Department of Jinchuan Group, and director of Gansu Bank as well as Gansu Province Materials & Industry Group. He was the financial manager and cost branch manager of Financial Departments of several basic units, financial manager of construction site of Pakistan 35KM Highway Project, vice director manager of Financial Department of Jinchuan Group. He is a finance professional with extensive operational management experience in financial management. He currently serves as non-executive director of Bank of Gansu Co., Ltd (a company listed on the main board of the Stock Exchange (Stock code: 2139)).

Mr. Zhang Youda has entered into a letter of appointment dated 23 August 2017 with the Company for an initial term commencing from 23 August 2017 to 22 August 2020, subject to retirement by rotation and re-election at the general meeting of the Company in accordance with the Articles of Association, and no director's fee will be paid to Mr. Zhang in respect of his appointment as a non-executive Director.

Save as disclosed above and as at the Latest Practicable Date, Mr. Zhang does not (i) hold any interests in the shares of the Company within the meaning of Part XV of the SFO; (ii) have any relationship with any other directors, senior management, substantial shareholder or controlling shareholder of the Company; (iii) hold any other position with the Company or its subsidiaries; and (iv) hold any other directorships in public companies the securities of which are listed on any securities market in Hong Kong or overseas in the last three years.

## 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

## 2. SHARE CAPITAL

Number of Shares	Nominal value HK\$
<i>Authorised</i>	
<u>20,000,000,000</u> Shares	<u>200,000,000.00</u>
<i>Issued, to be issued and fully paid</i>	
4,833,753,051 Shares in issue as at the Latest Practicable Date	4,833,753,051
8,466,120,000 Shares to be issued as conversion shares upon full conversion of the perpetual subordinated convertible securities ( <i>Note 1</i> )	84,661,200.00
<u>13,299,873,051</u>	<u>13,299,873,051</u>

*Note 1:* The perpetual subordinated convertible securities ("PSCS") were issued by the Company to Jinchuan (BVI) Limited, the nominee of Jintai Mining Investment Limited, pursuant to the sale and purchase agreement dated 27 August 2013 entered into by, among others, the aforesaid parties for the acquisition of the entire issued share capital of Jin Rui Mining Investment Limited. Upon full conversion of the PSCS and based on the initial conversion price of HK\$1.00, the Company shall allot and issue 8,466,120,000 new Shares credited as fully paid, subject to terms of the PSCS, details of which are set out in the circular of the Company dated 30 August 2013.

### 3. DISCLOSURE OF INTERESTS

#### (a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

#### (b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company (being 5% or more of the Company's issued share capital) under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of substantial shareholders maintained under section 336 of the SFO. These interests are in addition to those disclosed above in respect of the Directors and the chief executive of the Company.

Name of Shareholder	Note	Capacity/ nature of interest	Number of Shares held	Number of Shares which may be converted from PSCS (Note 3)	Percentage of the total number of Shares in issue (%) (Note 2)
Jinchuan	(1)	Interest of a controlled corporation	2,975,152,857	8,466,120,000	236.70%
Jinchuan HK	(1)	Interest of a controlled corporation	2,975,152,857	8,466,120,000	236.70%
Jinchuan (BVI) Limited	(1) & (3)	Interest of a controlled corporation/Beneficial owner	2,975,152,857	8,466,120,000	236.70%
Jinchuan (BVI) 1 Limited	(1)	Beneficial owner	1,888,449,377	N/A	39.07%
Jinchuan (BVI) 2 Limited	(1)	Beneficial owner	551,781,372	N/A	11.42%
Jinchuan (BVI) 3 Limited	(1)	Beneficial owner	534,922,108	N/A	11.07%

Name of Shareholder	Note	Capacity/ nature of interest	Number of Shares held	Number of Shares which may be converted from PSCS (Note 3)	Percentage of the total number of Shares in issue (%) (Note 2)
Taikang Asset Management Co., Ltd*	(4)	Interest of a controlled corporation	483,000,000	N/A	9.99%
Shandong Hi-Speed Urbanization Fund Management Centre (Limited Partnership)*	(4)	Interest of a controlled corporation	483,000,000	N/A	9.99%
SD Hi-Speed Huanbohai (Tianjin) Equity Investment Fund (Limited Partnership)	(4)	Interest of a controlled corporation	483,000,000	N/A	9.99%
SD Hi-Speed Investment HK Limited	(4)	Beneficial owner	483,000,000	N/A	9.99%

## Notes:

- Jinchuan directly owns 100% of the issued share capital of Jinchuan HK 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, Jinchuan HK and Jinchuan (BVI) Limited are deemed to have an interest in 11,441,272,857 Shares under the SFO.
- The calculation is based on the number of Shares as a percentage of the total number of issued Shares (i.e. 4,833,753,051) as at the Latest Practicable Date.
- Jinchuan (BVI) Limited directly holds PSCS in the amount of US\$1,085.4 million (equivalent to approximately HK\$8,466.1 million) which may be converted into 8,466,120,000 Shares of the Company at an initial conversion price of HK\$1.00. Under the SFO, Jinchuan (BVI) Limited is deemed to be interested in the 8,466,120,000 Shares of the Company underlying the PSCS.
- Taikang Asset Management Co., Ltd\* owned 99.17% of the issued share capital of Shandong Hi-Speed Urbanization Fund Management Centre (Limited Partnership)\* which in turn owned 99% of the issued share capital of SD Hi-Speed Huanbohai (Tianjin) Equity Investment Fund (Limited Partnership) which owned 100% of the issued share capital of SD Hi-Speed Investment HK Limited. Therefore, Taikang Asset Management Co., Ltd\*, Shandong Hi-Speed Urbanization Fund Management Centre (Limited Partnership)\* and SD Hi-Speed Huanbohai (Tianjin) Equity Investment Fund (Limited Partnership) were deemed to have interest in the 483,000,000 shares of the Company held by SD Hi-Speed Investment HK Limited under the SFO.

\* For identification purposes only

5. Save as disclosed below, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 Part XV of the SFO.

<b>Name of Director</b>	<b>Posts held in Jinchuan</b>
Mr. Chen Dexin	President
Mr. Qiao Fugui	Assistant of President
Mr. Zhang Youda	General manager of Financial Department

<b>Name of Director</b>	<b>Posts held in Jinchuan HK</b>
Mr. Chen Dexin	Director
Mr. Gao Tianpeng	Director
Mr. Zhang Youda	Director

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any person who had any interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

#### **4. DIRECTORS' SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors has any existing service contract or proposed service contract with any member of the Company and its subsidiaries which will not expire or be determinable by the Company or its subsidiaries (as the case may be) within one year without payment of compensation (other than statutory compensation).

#### **5. QUALIFICATION AND CONSENT OF EXPERT**

##### **(a) Qualification of expert**

The following are the qualifications of the expert who has given opinions or advice which are contained in this circular:

<b>Name</b>	<b>Qualification</b>
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 SFO

##### **(b) Consent of expert**

As at the Latest Practicable Date, Altus has given and has not withdrawn consent to the issue of this circular with the inclusion therein of its letter and references to its name in the form and context in which it appears.



**(c) Interests of expert**

As at the Latest Practicable Date, Altus was not directly or indirectly interested in any securities of any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group nor did it have any direct or indirect interest in any assets which had been, since 31 December 2016 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by, or leased to, any member of the Group.

**6. LITIGATION**

As at the Latest Practicable Date, no member of the Group were engaged in any litigation, arbitration or claim of material importance and there is no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

**7. MATERIAL ADVERSE CHANGE**

The Directors are not aware of any material adverse change in the financial position or trading position of the Company and its subsidiaries since 31 December 2016 (being the date to which the latest published audited financial statements of the Group were made up) and up to the Latest Practicable Date.

**8. COMPETING INTERESTS**

As at the Latest Practicable Date, the following Directors were considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Company and its subsidiaries pursuant to the Listing Rules.

Mr. Chen Dexin, Mr. Qiao Fugui and Mr. Zhang Youda held directorship and/or position as senior management in Jinchuan which principally engages in businesses of production of nickel, copper, cobalt, platinum group metals, nonferrous metal plates, chemical products and chemicals of nonferrous metals.

Mr. Chen Dexin, Mr. Gao Tianpeng and Mr. Zhang Youda held directorship and/or position as senior management in Jinchuan HK, which indirectly holds 61.5% issued share capital of the Company, and is principally engaged in investment holding and trading of mineral and metal products.

**9. INTEREST IN ASSETS ACQUIRED**

As at the Latest Practicable Date, the Directors did not have any interest, direct or indirect, in any assets which have been, since 31 December 2016 (the date to which the latest published audited accounts of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, there is no contract or arrangement in which a Director is materially interested and which is significant in relation to the business of the Group.

**10. MISCELLANEOUS**

- (i) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (ii) The head office and principal place of business in Hong Kong of the Company is located at Unit 3101, 31/F, United Centre, 95 Queensway, Admiralty, Hong Kong.
- (iii) The branch share registrar of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (iv) The company secretary of the Company is Ms. So Yee Kwan who is a manager of Corporate Services of Tricor Services Limited. Ms. So is a Chartered Secretary and an Associate of both The Institute of Chartered Secretaries & Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries. Ms. So received a Bachelor's degree in International Business Management from Oxford Brookes University in the United Kingdom and a Master of Arts in Professional Accounting and Information Systems from City University of Hong Kong.

**11. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be made available for inspection during normal business hours on Business Days at the office of the Company at Unit 3101, 31/F, United Centre, 95 Queensway, Admiralty, Hong Kong from the date of this circular up to and including 27 March 2018, and at the EGM:

- (a) the 2016 CCT Agreement;
- (b) the 2016 Cobalt Supplemental Agreement;
- (c) the 2015 Cobalt Agreement;
- (d) the 2013 CCT Agreement;
- (e) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (f) the letter from Altus, the text of which is set out in this circular;
- (g) the written consent of Altus referred to in the paragraph headed "Qualification and Consent of Expert" in this Appendix; and
- (h) a copy of this circular.

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## NOTICE OF EGM

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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)**

**NOTICE IS HEREBY GIVEN** that an extraordinary general meeting (the “**EGM**”) of the shareholders of Jinchuan Group International Resources Co. Ltd (the “**Company**”) will be held at Unit 3101, 31/F United Centre, 95 Queensway, Admiralty, Hong Kong at 10:00 a.m. on Monday, 16 April 2018 for the purpose of considering, and if thought fit, passing the following resolutions as ordinary resolutions of the Company:

### **ORDINARY RESOLUTIONS**

(1) “**THAT:**

the agreement dated 29 November 2016 (the “**2016 CCT Agreement**”) entered into between the Company (as vendor) and 金川集團股份有限公司 (Jinchuan Group Co., Ltd.\*) (“**Jinchuan**”) (as purchaser), a company incorporated in the People’s Republic of China and the controlling shareholder of the Company, for trading of the Mineral and Metal Products (as defined in the circular of the Company dated 27 March 2018) between the Company and its subsidiaries and associates controlled by the Company from time to time (collectively the “**Group**”) and Jinchuan and its subsidiaries and associates controlled by Jinchuan from time to time (collectively the “**Jinchuan Group**”, for the purpose of this resolution, excluding the Group), of which the aggregate transaction amount for the year ended 31 December 2017 in an amount not exceeding USD212 million, which had exceeded the annual cap of USD165 million in respect of such transactions for the year ended 31 December 2017 as approved by the then independent shareholders at the extraordinary general meeting of the Company held on 27 January 2017, be and is hereby approved, confirmed and ratified; and that the directors of the Company be and are hereby authorised to do all such acts and things incidental to the 2016 CCT Agreement as they consider necessary, desirable, or expedient in connection with the implementation of or giving effect to the 2016 CCT Agreement and the transactions contemplated thereunder.”

- (2) (a) to re-elect Mr. GAO Tianpeng as an executive director and to authorize the board of directors (the “**Board**”) to fix his remuneration;
- (b) to re-elect Mr. QIAO Fugui as an executive director and to authorize the Board to fix his remuneration; and

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## NOTICE OF EGM

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- (c) to re-elect Mr. ZHANG Youda as a non-executive director and to authorise the Board to fix his remuneration.

By order of the Board  
**Jinchuan Group International Resources Co. Ltd**  
**Gao Tianpeng**  
*Executive Director*

Hong Kong, 27 March 2018

*Notes:*

1. A member entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend and, on poll, vote on his behalf. A proxy need not be a member of the Company.
2. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned EGM thereof if you so wish. In the event that you attend the EGM after having returned the completed form of proxy, your form of proxy will be deemed to have been revoked.
3. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney, must be deposited at Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, not less than 48 hours before the time appointed for holding the EGM (i.e. before 10:00 a.m. on Saturday, 14 April 2018) or any adjournment thereof.
4. In the case of joint registered holders of any shares of the Company, any one of such joint registered holders may vote at the EGM, either in person or by proxy, in respect of such shares as if he/she/it were solely entitled thereto; but if more than one of such joint registered holders are present at the EGM, either in person or by proxy, the vote of that one of them so present, either in person or by proxy, whose name stands first on the register of members in respect of such shares shall be accepted to the exclusion of the votes of the other joint registered holder(s).
5. Time and dates in this notice are Hong Kong time and dates.

*As at the date of this circular, the Board comprises two executive Directors, namely Mr. Gao Tianpeng and Mr. Qiao Fugui; three non-executive Directors, namely Mr. Chen Dexin, Mr. Zhang Youda and Mr. Zeng Weibing; and three independent non-executive Directors, namely Mr. Wu Chi Keung, Mr. Yen Yuen Ho, Tony and Mr. Poon Chiu Kwok.*