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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)

CONNECTED TRANSACTION

Ruashi is developing the Musonoi Project, which is located approximately 3km from the centre of Kolwezi City, the DRC.

On 24 November 2022, Ruashi and Concrease entered into the Construction Contract in relation to the construction and installation of mineral dressing, tailing pond and filling station of Musonoi Project.

JCG is the ultimate holding company of the Company. As at the date of this announcement, through its wholly-owned subsidiaries, JCG indirectly owns 7,593,009,857 Shares, representing approximately 60.37% of the issued share capital of the Company. Concrease is 49% owned indirectly by JCG.

As JCG is a connected person of the Company under Chapter 14A of the Listing Rules, the transactions between JCG Group (including Concrease) and the Group constitute connected transactions/continuing connected transactions of the Company, and are subject to the relevant disclosure and (if required) independent shareholders' approval requirements as stipulated in the Listing Rules.

As the applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions under the Construction Contract are more than 0.1% but less than 5%, the transaction under the Construction Contract is subject to reporting, announcement requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

Ruashi is developing the Musonoi Project, which is located approximately 3km from the centre of Kolwezi City, the DRC.

On 24 November 2022, Ruashi and Concrease entered into the Construction Contract in relation to the construction and installation of mineral dressing, tailing pond and filling station of Musonoi Project.

RELATIONSHIP BETWEEN THE PARTIES

The Company is an investment holding company. The Group is principally engaged in (i) the mining of metals, primarily copper and cobalt, in the DRC and Zambia; and (ii) the trading of mineral and metal products in Hong Kong. Ruashi is an indirect non wholly-owned subsidiary of the Company. The remaining 25% interest of Ruashi is owned by La Générale des Carrières et des Mines ("**Gécamines SA**"), a state-owned mining company in the DRC.

JCG is the ultimate holding company of the Company. JCG was founded in 1958 and is a state-owned enterprise with its majority interest held by the People's Government of Gansu Province. JCG Group is one of the world's largest mining enterprises being the third largest producer of nickel in the world, fourth largest cobalt producer in the world and the third largest copper producer in the PRC. The principal business of JCG Group includes the production of nickel, copper, cobalt, platinum group metals, non-ferrous metal plates, chemical products and chemicals of non-ferrous metals.

Concrease is 49% owned indirectly by JCG, whilst the remaining 51% of Concrease is owned by two DRC Shareholders. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, each of the two DRC Shareholders is an Independent Third Party. Concrease is principally engaged in supplying engineering and construction services to mining industry.

As at the date of this announcement, through its wholly-owned subsidiaries, JCG indirectly owns 7,593,009,857 Shares, representing approximately 60.37% of the issued share capital of the Company. As JCG is a connected person of the Company under Chapter 14A of the Listing Rules, the transactions between JCG Group (including Concrease) and the Group constitute connected transactions/continuing connected transactions of the Company, and are subject to the relevant disclosure and (if required) independent shareholders' approval requirements as stipulated in the Listing Rules.

Principal terms of the Construction Contract

Date

24 November 2022

Parties

- (i) Ruashi; and
- (ii) Concrease

Subject matter

Pursuant to the Construction Contract, Concrease as contractor shall carry out construction, installation and single unit commissioning for the beneficiation system, tailing conveying and return water system, tailing pond and filling station. Concrease shall also be responsible for the trouble shooting during combined commissioning (no load and with load) and reach full production.

Construction Period

The construction period shall commence from the Construction Contract signing date to 1 July 2023 (both days inclusive).

If there are any delays to the expected construction timetable and such delay is attributable to Concrease, Concrease will be required to pay the following delay fee to Ruashi:

- If the delay is within 90 days behind the timetable, a fee about 0.5% of the total contract price for every 30 days.
- If the delay is between 90 to 120 days behind the timetable, a fee of 1.5% of the total contract price for every 30 days.
- If the delay is between 120 to 150 days behind the timetable, a fee of 2% of the total contract price for every 30 days.
- If the delay is more than 150 days behind the timetable, Ruashi shall be entitled to terminate the contract.

The maximum amount of the delay fee shall not exceed 5% of the total contract price.

Delay in construction due to force majeure shall be confirmed by both Ruashi and Concrease.

Contract price

The contract price for the work under the Construction Contract is US\$30.73 million (exclusive of any value-added tax, subcontracting tax of DRC and insurance charges but inclusive of electricity and compressed air incurred or to be incurred by Concrease in the project), together with such additions or deductions as are provided for in the Construction Contract.

Payment of the contract price will be settled in the following manner:

- 90% of the contract price (inclusive of the advance payment, i.e. 20% of the contract price which shall be paid within 30 days from signing of the Construction Contract and 20% of the contract price which shall be paid within 90 days from signing of the Construction Contract) shall be paid based on the monthly progress of the project;
- 5% of the contract price shall be paid after the issuance of the project completion acceptance report by Ruashi pursuant to the Construction Contract; and
- 5% of the contract price shall be paid after the expiration of the defect liability period, which is two years from the date of inspection and acceptance of the completed construction works by Ruashi pursuant to the Construction Contract.

The contract price will be financed by the Group's internal resources and bank facilities.

Basis of determining the contract price

The contract price under the Construction Contract was determined based on the bidding price offered by Concrease. The feasibility study report issued by China ENFI Engineering Corporation in 2019 in respect of Musonoi Project served as the primary basis for determining the contract price. Besides, the consideration payable under the Construction Contract is compatible to the prevailing rates or is at better terms than those charged by other contractors or project companies for comparable jobs in the market. The Board is of the view that the pricing basis is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

If the parties shall extend the term of or effect a material change to the terms of the Construction Contract, the Company shall re-comply with the requirements under Rule 14A.54 of the Listing Rules.

REASONS FOR AND BENEFIT OF THE CONSTRUCTION CONTRACT

Musonoi Project, which is currently under development, is located in Kolwezi, which is a mining centre in the Lualaba Province of the DRC. The project licence is owned by Ruashi. Musonoi Project has advanced through the scoping study, pre-feasibility study and feasibility study stages. The general layout of the mining area and the design of the mining and dressing part have been completed, and the construction of the shaft development project has begun. The design of the construction drawing of the deep processing project and the equipment tendering exercise are currently underway.

Concrease was selected by Ruashi for the transaction contemplated under the Construction Contract through a tendering process and the contract price was determined based on the bidding offered by Concrease. Ruashi has reviewed the qualification and the previous projects conducted by Concrease and other contractors providing similar services. Ruashi awarded the Construction Contract to Concrease after a tendering process, after having evaluated the experience and capability of Concrease, the expected scope and complexity of the construction to be performed, the expected cost of the project and the prevailing market price for carrying out a construction of similar scale and complexity.

The Directors (including the independent non-executive Directors) consider that the Construction Contract was entered into in the ordinary and usual course of business of the Group, on normal commercial terms or better, and in the interests of the Company and its shareholders as a whole, and that its terms are fair and reasonable.

None of the Directors have any material interest in the Construction Contract for which they would be required to abstain from voting on the relevant board resolution approving the Construction Contract pursuant to the Articles of Association of the Company. However, for good corporate governance, Mr. Cheng Yonghong, Mr. Gao Tianpeng and Mr. Liu Jian have voluntarily abstained from voting on the relevant board resolutions in connection with the Construction Contract, as they also serve as directors and/or senior management of JCG and/or its subsidiaries.

IMPLICATIONS UNDER THE LISTING RULES

As the applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions under the Construction Contract are more than 0.1% but less than 5%, the transaction under the Construction Contract is subject to reporting, announcement requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Concrease”	Concrease DRC SA, a company incorporated in the DRC with limited liability and 49% owned indirectly by JCG
“Company”	Jinchuan Group International Resources Co. Ltd, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2362)

“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Contract”	the construction and installation contract entered into between Ruashi and Concrease on 24 November 2022 in relation to mineral dressing, tailing pond and filling station construction and installation work of Musonoi Project
“Director(s)”	the director(s) of the Company
“DRC”	the Democratic Republic of Congo
“DRC Shareholders”	two DRC natural persons who are the shareholders of Concrease, namely, Tshishika Gauthier KAKOMA (owning 25.5% in Concrease) and Fukwiji Lodrick MULOMBA (owning 25.5% in Concrease)
“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
“Independent Third Party(ies)”	person(s) who or company(ies) together with its/their ultimate beneficial owner(s) which is/are third party(ies) independent of the Company and its connected person(s) (as defined under the Listing Rules)
“JCG”	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
“JCG Group”	collectively, JCG and its subsidiaries and associates controlled by it from time to time, and for the purpose of this announcement, excluding the Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Musonoi Project”	a constructing copper-cobalt project owned by Ruashi and located in Kolwezi, Lualaba Province, the DRC
“PRC”	the People’s Republic of China, for the purpose of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan

“Ruashi”	Ruashi Mining SAS, a company incorporated in the DRC and an indirect non wholly-owned subsidiary of the Company
“Share(s)”	ordinary shares of HK\$0.01 each in the share capital of the Company listed on the Stock Exchange
“Shareholder(s)”	the holder(s) of the Share(s)
“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)
“US\$”	United States dollars, the lawful currency of the United States of America
“Zambia”	the Republic of Zambia
“%”	percentage

* *For identification purposes only*

By order of the Board
Jinchuan Group International Resources Co. Ltd
Wong Hok Bun Mario
Company Secretary

Hong Kong, 24 November 2022

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Cheng Yonghong and Mr. Gao Tianpeng; two non-executive Directors, namely Mr. Liu Jian and Mr. Wang Qiangzhong; and four independent non-executive directors, namely Mr. Yen Yuen Ho, Tony, Mr. Poon Chiu Kwok, Mr. Yu Chi Kit and Ms. Han Ruixia.