

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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)

**DISCLOSEABLE AND CONNECTED TRANSACTION
IN RELATION TO THE CONSTRUCTION CONTRACT AND
THE PROCUREMENT CONTRACT**

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



Gram Capital Limited

嘉林資本有限公司

Associated with the development of Musonoi Project, on 2 December 2022, Ruashi entered into a procurement contract with Jinchuan Cooperation Company in relation to the material and equipment procurement, export and logistics transportation required for mineral dressing, tailing pond and filling station of Musonoi Project.

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 and the transaction between JCG Group (including Concrease and Jinchuan Cooperation Company) and the Group constitute connected transaction/ continuing connected transaction of the Company, are subject to the relevant disclosure and (if required) independent shareholders' approval requirements as stipulated in the Listing Rules.

The Procurement Contract, together with the Construction Contract constitute a series of transactions made within a 12-month period and shall be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As the applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions under the Procurement Contract, when aggregated with those under the Construction Contract, are more than 5% but less than 25%, the transactions under the Procurement Contract when aggregated with the Construction Contract constitute a discloseable and connected transaction of the Company and is subject to reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Procurement Contract and the transactions contemplated thereunder. JCG and its associates will abstain from voting on the relevant resolution(s) to be passed at the EGM.

A circular of the EGM containing, among other things, (i) further details of the Procurement Contract and the transactions contemplated thereunder; (ii) the advice and recommendations from the Independent Board Committee in respect of the Procurement Contract and the transactions contemplated thereunder; (iii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Procurement Contract and the transactions contemplated thereunder; and (iv) a notice of the EGM will be dispatched to the Shareholders on or before 28 December 2022.

INTRODUCTION

Reference is made to the announcement of the Company dated 24 November 2022 regarding the construction and installation contract entered into between Ruashi and Concrease on 24 November 2022 in relation to the construction and installation of mineral dressing, tailing pond and filling station of Musonoi Project, which is located approximately 3km from the centre of Kolwezi City, the DRC.

Associated with the development of Musonoi Project, on 2 December 2022, Ruashi entered into a procurement contract with Jinchuan Cooperation Company in relation to the material and equipment procurement, export and logistics transportation required for 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 in 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.

Jinchuan E&C is a wholly-owned subsidiary of JCG.

Concrease is 49% owned indirectly by JCG through Jinchuan E&C, 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.

Jinchuan Cooperation Company is a direct wholly-owned subsidiary of Jinchuan E&C. Jinchuan Cooperation Company is principally engaged in the provision of procurement services and the arranging of global logistics and export/import clearing 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 and the transaction between JCG Group (including Concrease and Jinchuan Cooperation Company) and the Group constitute connected transaction/continuing connected transaction of the Company, are subject to the relevant disclosure and (if required) independent shareholders’ approval requirements as stipulated in the Listing Rules.

PROCUREMENT CONTRACT

On 2 December 2022, Ruashi entered into the Procurement Contract with Jinchuan Cooperation Company in relation to the material procurement, export and logistics transportation required for mineral dressing, tailing pond and filling station construction of Musonoi Project.

Principal terms of the Procurement Contract

Date

2 December 2022

Parties

- (i) Ruashi; and
- (ii) Jinchuan Cooperation Company

Subject matter

Pursuant to the Procurement Contract, Ruashi shall entrust Jinchuan Cooperation Company to purchase material (including engineering equipment, engineering materials, steel structure products and other materials) required in the construction of Musonoi Project according to the procurement plan, and to provide the export and logistic transportation of the purchased materials to project site and other services.

Duration

From the date when the approval of the Independent Shareholders of the Company is obtained to 30 July 2024 (both days inclusive).

Contract price

The sum of the Procurement Contract is US\$81,308,900, which comprise of the followings:

(a) Agency purchase service

The estimated total amount of purchase content entrusted to Jinchuan Cooperation Company is US\$79,714,900 (that is, sum of (b) and (c) below), and the estimated agency service fee is US\$1,594,000, being 2% of the total price of the purchase trade content.

After the materials purchased by Jinchuan Cooperation Company are accepted and stored on site by Ruashi, Jinchuan Cooperation Company shall apply for service fee payment to Ruashi according to 2% of the actual trade amount of the batch of materials. Payment shall be made within 30 days after the payment application amount is being approved by Ruashi.

(b) Purchase of engineering equipment, engineering materials and steel structure products

The estimated total purchase price for engineering equipment is US\$23,824,000 and project materials, steel structural parts and other materials are estimated to be US\$51,340,000.

The price payment of engineering equipment shall be implemented in accordance with the actual trade contract amount and payment method. Payment shall be made within 30 days after examination and approval of the equipment on site.

90% of the project material price (inclusive of the advance payment, i.e. 20% of the contract price which shall be paid within 30 days from effective of the Procurement Contract and 20% of the contract price shall be paid within 90 days from effective of the Procurement Contract) shall be paid by way of progress payment.

5% of the project material price shall be paid after the issuance of the completion acceptance report by Ruashi pursuant to the Procurement Contract.

The remaining 5% of the project material price shall be paid after the expiration of the defect liability period, which is two years from the date of the completion acceptance report pursuant to the Procurement Contract.

(c) Sea-land combined transportation fee

Sea-land combined transportation fee of equipment shall be calculated according to the unit price of US\$380 per billing ton, and the estimated amount is US\$4,550,900.

Payment shall be made within 30 days after the payment application amount is being approved by Ruashi.

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

Effective date of the Procurement Contract

The Procurement Contract will become effective upon the following conditions having been met:

- (a) the Procurement Contract has been signed and affixed with the company chop by the parties; and
- (b) the passing of the relevant resolution by the Independent Shareholders approving the Procurement Contract and the transactions contemplated thereunder.

The Construction Contract and the Procurement Contract are not inter-conditional with each other.

REASONS FOR AND BENEFIT OF THE CONSTRUCTION CONTRACT AND THE PROCUREMENT 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 and Jinchuan Cooperation Company were selected by Ruashi for the respective transactions contemplated under the Construction Contract and the Procurement Contract through a tendering process and the contract price was determined based on the bidding offered by Concrease and Jinchuan Cooperation Company. Ruashi has reviewed the qualification and the previous projects conducted by Concrease and Jinchuan Cooperation Company and other contractors providing similar services. Ruashi awarded the Project Contracts to Concrease and Jinchuan Cooperation Company after a tendering process, after having evaluated the experience and capability of Concrease and Jinchuan Cooperation Company, 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 Group awarded the Project Contracts to Concrease and Jinchuan Cooperation Company following a stringent competitive tendering process.

Request for tenders were sent to 7 potential bidders including Concrease and Jinchuan Cooperation Company, each of which were considered by the Group as having the requisite capacity to undertake the project concerned and that they met all eligibility criteria.

After a 4-week period of clarifications-and-answers, a total of 3 bids were received from Concrease, Bidder A and Bidder B, respectively. In order to obtain more comprehensive tenders, a further clarification letter was issued to the 3 bidders. In response, the 3 bidders submitted their second quotations respectively. Key omissions remained in the tenders submitted by the 3 bidders. In order to obtain more comprehensive tenders, a clarification letter was issued to the 3 bidders inviting for the third submission of quotations. In response thereto, only Concrease and Bidder B submitted their third quotations respectively. Bidder A withdrew from the bidding process.

For assessing each of the bidding proposals submitted by the bidders, Ruashi has formed its own tender evaluation committee. The members of the committee are the senior management staff of Ruashi, including qualified professional engineers.

For each of the two categories of services required under the Construction Contract and Procurement Contract for tender, the bidding proposals were assessed in terms of their business and technical aspects, by reference to the feasibility study report issued by ENFI in 2019.

The selection criteria for the business aspects included the bidders' background, experience and credibility, and the quotation price for the required services; while the technical aspects included the design, construction, quality control and assurance, and the qualification of the professional team to be engaged for the job, etc.

A final evaluation report was issued by the Musonoi Project tender evaluation committee for each of the services offered for tender, of which how the bidders were shortlisted for each of the services and their proposals were fully evaluated. The bidding proposals submitted by Concrease (together with its procurement service provider partner, Jinchuan Cooperation Company) scored the highest among those provided by the other bidders.

The workforce of each of Jinchuan Cooperation Company and Concrease possesses extensive experience and the technical capabilities necessary to complete mining projects in harsh environment. They are capable in the construction and installation of mineral processing, tailings pond and filling system as designed by the Group and ENFI.

IMPLICATIONS UNDER THE LISTING RULES

The Procurement Contract, together with the Construction Contract constitute a series of transactions made within a 12-month period and shall be aggregated pursuant to Rule 14.22 and Rule 14A.81 of the Listing Rules. As the applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions under the Procurement Contract, when aggregated with those under the Construction Contract, are more than 5% but less than 25%, the transactions under the Procurement Contract when aggregated with the Construction Contract constitute a discloseable and connected transaction of the Company and is subject to reporting, announcement, circular and independent shareholders' approval requirements under Chapter 14 and Chapter 14A of the Listing Rules.

An Independent Board Committee has been established to advise the Independent Shareholders on the terms of the Procurement Contract and the transactions contemplated thereunder. The Company has appointed Gram Capital Limited as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the Procurement Contract and the transactions contemplated thereunder.

The EGM will be convened and held for the Independent Shareholders to consider and, if thought fit, to approve, among other things, the Procurement Contract and the transactions contemplated thereunder. JCG and its associates will abstain from voting on the relevant resolution(s) to be passed at the EGM.

A circular of the EGM containing, among other things, (i) further details of the Procurement Contract and the transactions contemplated thereunder; (ii) the advice and recommendations from the Independent Board Committee in respect of the Procurement Contract and the transactions contemplated thereunder; (iii) a letter from the independent financial adviser containing its advice to the Independent Board Committee and the Independent Shareholders in respect of the Procurement Contract and the transactions contemplated thereunder; and (iv) a notice of the EGM will be dispatched to the Shareholders on or before 28 December 2022.

CONFIRMATION OF THE BOARD

The Directors (excluding the independent non-executive Directors) consider that the Procurement Contract was entered into in the ordinary and usual course of business of the Group, the terms of the Procurement Contract and the transactions contemplated thereunder have been entered into on normal commercial terms that are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

None of the Directors have any material interest in the Procurement Contract for which they would be required to abstain from voting on the relevant board resolution approving the Procurement 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 Procurement Contract, as they also serve as directors and/or senior management of JCG and/or its subsidiaries.

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
“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)
“Concrease”	Concrease DRC SA, a company incorporated in the DRC with limited liability and 49% owned indirectly by JCG
“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)
“EGM”	an extraordinary general meeting to be convened by the Company to consider and, if thought fit, to approve, among other things, the Procurement Contract and the transactions contemplated thereunder
“ENFI”	China ENFI Engineering Corporation
“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 Board Committee”	the independent committee of the Board, consisting of the four independent non-executive Directors, established to advise the Independent Shareholders in connection with the Construction Contract and the Procurement Contract and the respective transactions contemplated thereunder
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity as defined under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Procurement Contract and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than JCG Group and its associates
“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 state-owned enterprise established in the PRC and the controlling shareholder of the Company

“Jinchuan Cooperation Company”	甘肅金川國際經濟技術合作有限責任公司 (Gansu Jinchuan International Cooperation Co., Ltd.*), a direct wholly-owned subsidiary of Jinchuan E&C
“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
“Jinchuan E&C”	金川集團工程建設有限公司 (Jinchuan Group Engineering and Construction Co., Ltd.*), a wholly-owned subsidiary of JCG
“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 purposes of this announcement, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Procurement Contract”	the procurement contract entered into between Ruashi and Jinchuan Cooperation Company on 2 December 2022 in relation to the material and equipment procurement, export and logistics transportation required for mineral dressing, tailing pond and filling station of Musonoi Project
“Project Contracts”	the Construction Contract and the Procurement Contract, collectively
“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, 2 December 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.