

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 TRANSACTION PURCHASE OF EQUIPMENT AND MATERIALS

Ruashi SAS, an indirect non-wholly owned subsidiary of the Company is developing the Musonoi Project, which is located approximately 3km from the centre of Kolwezi city, the DRC.

On 27 October 2023, Ruashi SAS and Simag Logistics entered into the Procurement Service Contract, pursuant to which Ruashi SAS shall entrust Simag Logistics to purchase engineering equipment, engineering materials, steel structure products and other materials required in the construction of the project according to the procurement plan, and provide services relating to the export of the purchased equipment and materials to the project site, sea and land combined transportation and other services for Musonoi Project's deep processing facilities. The contract price under the Procurement Service Contract is estimated to be approximately US\$109.8 million.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions under the Procurement Service Contract exceeds 5% but is less than 25%, the Procurement Service Contract constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

INTRODUCTION

Ruashi SAS, an indirect non-wholly owned subsidiary of the Company is developing the Musonoi Project, which is located approximately 3km from the centre of Kolwezi city, the DRC.

On 27 October 2023, Ruashi SAS and Simag Logistics entered into the Procurement Service Contract, pursuant to which Ruashi SAS shall entrust Simag Logistics to purchase engineering equipment, engineering materials, steel structure products and other materials required in the construction of the project according to the procurement plan, and provide services relating to the export of the purchased equipment and materials to the project site, sea and land combined transportation and other services for Musonoi Project's deep processing facilities. The contract price under the Procurement Service Contract is estimated to be approximately US\$109.8 million.

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 SAS is an indirect non wholly-owned subsidiary of the Company. The remaining 25% interest of Ruashi SAS is owned by La Générale des Carrières et des Mines ("**Gécamines SA**"), a state-owned mining company in the DRC.

Simag Logistics is a limited liability company incorporated in the Republic of Serbia and is a wholly-owned subsidiary of CMEC Comtrans International Co., Ltd.* (中設國際商務運輸代理有限責任公司), which in turn is a subsidiary of China National Machinery Industry Corporation* (中國機械工業集團有限公司), a state-owned enterprise in the PRC. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Simag Logistics and its ultimate shareholders are Independent Third Parties. Simag Logistics and CMEC Comtrans International Co., Ltd. are principally engaged in overseas engineering, procurement and construction management projects.

PRINCIPAL TERMS OF THE PROCUREMENT SERVICE CONTRACT

Date

27 October 2023

Parties

- (i) Ruashi SAS; and
- (ii) Simag Logistics

Subject matter

Pursuant to the Procurement Service Contract, Ruashi SAS shall entrust Simag Logistics to purchase engineering equipment, engineering materials, steel structure products and other materials required in the construction of the project according to the procurement plan, and provide services relating to the export of the purchased materials to the project site, sea and land combined transportation and other services for Musonoi Project's deep processing facilities.

Place of Delivery

The purchase of equipment and materials is at the place of purchase and Simag Logistics shall deliver them to the Musonoi Project of Ruashi SAS in Kolwezi city, the DRC.

Service Period

The service period shall commence from the effective date of the Procurement Service Contract to 31 December 2024 (both days inclusive).

Contract price

The contract price for the work under the Procurement Service Contract is estimated to be US\$109,838,624 (excluding value-added tax in the DRC), including the engineering equipment price of US\$75,883,000 and the engineering materials price of US\$33,955,624. The contract is an adjustable lump sum contract. The final contract amount is subject to the actual pricing and quantities of equipment and materials delivered.

Engineering equipment purchase is tentatively valued at US\$75,883,000 and the settlement is based on the actual final equipment purchase price. The total purchase price of equipment includes the provisional estimate of US\$64,463,000 for equipment purchase, the provisional estimate of sea and land transportation fee of US\$5,250,000, and the provisional estimate of various import and export taxes, customs clearance fees and insurance fees of US\$6,170,000.

Engineering materials purchase price is fixed according to the tender quotation and includes all expenses, export and import duties and taxes, land and sea freight and insurance fees etc..

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

- Advance payment: 40% of the contract price, of which 20% shall be paid within 60 days from signing of the Procurement Service Contract and the remaining 20% shall be paid within 90 days from signing of the Procurement Service Contract.
- Progress payment: 50% of the contract price, of which 30% will be paid after the equipment and material arrives at the site and has passed Ruashi SAS' acceptance, and the remaining 20% of which will be paid after the installation and commissioning of the production system. The advance payment will be deducted synchronously in the process of the payment of the materials on-site progress payment until the deduction is completed.
- Completion acceptance payment: 5% of the contract price which shall be paid upon completion of the project completion acceptance, and Ruashi SAS shall issue the completion acceptance report. The accumulative amount paid by Ruashi SAS shall not exceed 95% of the price of the equipment and materials purchased.

- Quality assurance fund: 5% of the contract price withheld as the warranty fee and the fee shall be paid after the expiration of the defect liability period, which is for a period of two years.

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 Procurement Service Contract was determined by the parties after arm's length negotiation and based on the bidding price offered by Simag Logistics. 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.

REASONS FOR AND BENEFIT OF THE PROCUREMENT SERVICE CONTRACT

Musonoi Project, which is currently under development, is located in Kolwezi city, which is a mining centre in the Lualaba Province of the DRC. The project licence is owned by Ruashi SAS. Musonoi Project has advanced through the scoping study, pre-feasibility study and feasibility study stages. Construction of the underground ramp and shaft are close to complete and the installation work is undergoing. The design of the construction drawing of the deep processing facilities and the equipment tendering exercise were completed.

Simag Logistics was selected by Ruashi SAS for the transaction contemplated under the Procurement Service Contract through a tendering process and the contract price was determined based on the bidding offered by Simag Logistics. Ruashi SAS has reviewed the qualification and the previous projects conducted by Simag Logistics, as compared with other contractors providing similar services. Ruashi SAS awarded the Procurement Service Contract to Simag Logistics after a tendering process, after having evaluated the experience and capability of Simag Logistics, 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 such as procurement of similar scale and complexity.

The Directors consider that the terms of the Procurement Service Contract are on normal commercial terms and are fair and reasonable and that the Procurement Service Contract and the transactions contemplated thereunder are in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transactions under the Procurement Service Contract exceeds 5% but is less than 25%, the Procurement Service Contract constitutes a discloseable transaction of the Company under the Listing Rules and is therefore subject to the notification and announcement requirements under Chapter 14 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
“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
“Director(s)”	the director(s) of the Company
“DRC”	the Democratic Republic of Congo
“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)
“km”	kilometer
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Musonoi Project”	a constructing copper-cobalt project owned by Ruashi SAS 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 SAS”	Ruashi Mining SAS, a company incorporated in the DRC and an indirect non wholly-owned subsidiary of the Company

“Procurement Service Contract”	the procurement service contract entered into between Ruashi SAS and Simag Logistics on 27 October 2023 in relation to the purchase of engineering equipment, engineering materials, steel structure products and other materials required in the construction of the project according to the procurement plan, and provide services relating to the export of the purchased equipment and materials to the project site, sea and land combined transportation and other services
“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)
“Simag Logistics”	Simag Logistics Proprietary Limited Liability Company Belgrade, an Independent Third Party
“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

By order of the Board
Jinchuan Group International Resources Co. Ltd
Wong Tak Chuen
Company Secretary

Hong Kong, 27 October 2023

As at the date of this announcement, the Board comprises two executive Directors, namely Mr. Gao Tianpeng and Mr. Cheng Yonghong; 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.

* *For identification purpose only*