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**Wanguo International Mining Group Limited**  
**萬國國際礦業集團有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 3939)**

**DISCLOSABLE TRANSACTION – ENTERING INTO AN EPC  
CONTRACT FOR CONSTRUCTION OF A SECONDARY  
HYDROPOWER STATION AT GOLD RIDGE MINING LIMITED SITE**

On 6 March 2024, (after trading hours), Gold Ridge Mining Limited (“**Employer**”), an indirect non-wholly owned subsidiary of the Wanguo International Mining Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”), which owns the Gold Ridge Mine in Solomon Islands, entered into an Engineering, Procurement and Construction Contract (the “**EPC Contract**”) with Jiangxi Water and Hydropower Construction Group Co., Ltd.\* (江西省水利水電建設集團有限公司) (“**Contractor**”) in respect of the construction of a secondary hydropower station at the Gold Ridge Mining Limited Site (the “**Site**”) (the “**EPC Project**”).

A summary of the principal terms of the EPC Contract are as follows.

**1. Scope of work**

The scope of work under the EPC Project mainly includes project appraisal, geological and hydrological investigations, feasibility study, design, procurement and construction. It is a diversion-type hydropower project with a focus on lowering cost and generating renewable power. Power will be generated by diverting water from the upstream of the Tinahulu River to turbines with water flow regulated by gates, valves and turbines.

The estimated installed capacity of the hydropower plant is 12MW, with a multi-year average generating capacity of 50,200MWh and installed annual utilisation hours of 4,183 hours. The hydropower plant mainly consists of dam, water conveyance structure (including intake, settling basin, tunnel, open channel, forebay and penstock), powerhouse and local grid.

The Contractor is required to carry out sufficient training of employees of the Employer in the operation and maintenance of the hydropower plant following the completion of the EPC Project, and such training is required to be carried out before the Employer taking over the hydropower plant. The parties shall agree on the minimum education and/or qualification requirements of the trainees.

## **2. Contract period**

The EPC Project is scheduled to commence on 23 March 2024 or upon the full satisfaction of the conditions precedent, whichever date is later (“**Commencement Date**”) and be completed in 36 months from the Commencement Date.

The Commencement Date shall be within 14 days of fully satisfying the following conditions:

- 1) The Employer has paid the first instalment of the Advance Payment (as defined below);
- 2) The Employer has obtained and granted the Contractor the right of access to the Site (or part thereof);
- 3) The Contractor has obtained Solomon Islands tax exemption permits for all materials and equipment used in the EPC Project; and
- 4) Commencement of the EPC Project is permitted.

## **3. Guarantee**

The Company, as a guarantor, will provide the guarantee to secure the Employer’s performance of its obligations under the EPC Project. Jiangxi Province Yifeng Wanguo Mining Co., Ltd, an indirect wholly-owned subsidiary of the Company, shall also undertake joint liability guarantee for the Employer's payment obligations to the Contractor under this EPC Project.

## **4. Contract Price**

The contract price for the EPC Project is approximately USD47.27 million (“**Contract Price**”), to be paid on a monthly basis with respect to milestones completed in the month. The Contract Price is expected to be financed from the Employer’s gold sale revenue and/or bank borrowings or borrowings from financial institution.

The Employer shall make Advance Payment (equivalent to 15% of the Contract Price) as follows:

- (a) first instalment: 8% of the Contract Price to be made within 45 days after the signing of the EPC Contract, of which 5% of the Contract Price shall be paid to the Contractor, and 3% of the Contract Price shall be used by the Employer for equipment procurement, mainly the tunneling machine; and

- (b) second instalment: 7% of the Contract Price to be made by 28 April 2024, of which 5% of the Contract Price shall be paid to the Contractor, and 2% of the Contract Price shall be used by the Employer for equipment procurement.

The Contractor shall be entitled to a bonus payment of USD0.20 million, should the Contractor complete the whole of the EPC Project prior to the time for completion.

Advance Payment shall be repaid through percentage deductions in the interim payments when interim payments exceed 10% of the Contract Price.

## **BASIS OF DETERMINATION OF THE CONTRACT PRICE**

The Contract Price was determined by the EPC Project's bill of quantities at Solomon Islands' cost of material and labor, with an estimated 3% profit margin.

## **INFORMATION ABOUT THE PARTIES TO THE EPC CONTRACT**

### **Information of the Company and the Employer**

The Company is a company incorporated in Cayman Islands with limited liability, whose shares are listed on the main board of the Stock Exchange of Hong Kong Limited (stock code: 3939) and is an investment holding company whose subsidiaries are principally engaged in the business of mining, ore processing and sale of concentrates products in the People's Republic of China and Solomon Islands.

The Employer is a company incorporated in Solomon Islands with limited liability, and an indirect non-wholly owned subsidiary of the Company. The Employer is principally engaged in business of mining, ore processing and sale of gold dore and gold concentrates in Solomon Islands.

### **Information of the Contractor**

The Contractor was founded in December 1956, originally established as the Lushan Hydropower Engineering Department\* (江西省廬山水力發電工程處) of Jiangxi Province Electric Power Administration\* (江西省電業管理局). With the registered capital of RMB301.8 million, the Contractor has a wide range of construction qualifications including first-class qualifications for national water conservancy and hydropower engineering, municipal public works general contracting; second-class qualifications for highway engineering, construction engineering, and electromechanical engineering general contracting; and more than ten second and third-level specialized contracting qualifications for environmental protection, greening, basic treatment, dredging projects, etc., and is the core member of the International Federation of Small Hydropower.

To the best of the directors' knowledge, information and belief, having made all reasonable enquiries, the Contractor and its ultimate beneficial owners are third parties independent of the Company and the connected persons of the Company as at the date of this announcement.

## **REASONS FOR AND BENEFITS OF ENTERING INTO EPC CONTRACT**

The Employer has commenced trial production of gold dore and gold concentrates since November 2022 and 2023 respectively. Such gold production has contributed substantial revenue and profits to the Group. As the Site is outside Solomon Islands' electricity grid, the Group is currently self-generating power via its own diesel generators for production. To lower the energy cost, reduce the carbon footprint, and to fully utilise the high rainfall and local hydropower resources, the board of directors of the Company (the “**Board**”) considered it beneficial and more energy sustainable to construct a self-use hydropower station for the Employer's long-term operation.

This will not only result in more efficient energy production, but also enhance the Group's environmental, social and governance (“**ESG**”) performances. It is expected that the newly constructed hydropower station will provide carbon free energy to Gold Ridge Mine and have the potential of supplying excess power to surrounding communities as part of the Group's community development programs.

Accordingly, the Board is of the view that the EPC Contract was negotiated on normal commercial terms and the terms and conditions of the EPC Contract are fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **LISTING RULES IMPLICATIONS**

As the highest applicable percentage ratios (as defined in the Listing Rules) in respect of the EPC Contract exceeds 5% but is less than 25%, the EPC Contract constitutes a disclosable transaction of the Company under Chapter 14 of the Listing Rules, and is therefore subject to the notification and announcement requirements but exempt from shareholders' approval requirement under Chapter 14 of the Listing Rules.

By Order of the Board  
**Wanguo International Mining Group Limited**  
**Gao Mingqing**  
*Chairman*

Hong Kong, 6 March 2024

*As at the date of this announcement, the Board comprises Mr. Gao Mingqing (Chairman), Mr. Liu Zhichun, Mr. Wang Renxiang and Ms. Wang Nan as executive directors; and Mr. Tsang Wai Hung, Mr. Wong Chi Ming Ming and Mr. Wang Xin as independent non-executive directors.*