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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)**

## **RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 20 November 2019 in relation to, among other things, the Existing Jin Gang Framework Agreement, pursuant to which, Jin Gang as contractor shall provide mining, maintenance, bagging and loading and various mining related services to the Group.

As the Existing Jin Gang Framework Agreement will expire on 31 December 2021, the Company entered into the New Jin Gang Framework Agreement for a term commencing on 1 January 2022 and ending on 31 December 2024.

As one or more of the applicable percentage ratios in respect of each of the aggregate annual cap amounts for the transactions under the New Jin Gang Framework Agreement exceed 0.1% but are less than 5% as calculated in accordance with Rule 14.07 of the Listing Rules, the New Jin Gang Framework Agreement and the annual caps contemplated thereunder are subject to the reporting and announcement requirements but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **I. INTRODUCTION**

Reference is made to the announcement of the Company dated 20 November 2019 in relation to, among other things, the Existing Jin Gang Framework Agreement, pursuant to which, Jin Gang as contractor shall provide mining, maintenance, bagging and loading and various mining related services to the Group.

As the Existing Jin Gang Framework Agreement will expire on 31 December 2021, the Company entered into the New Jin Gang Framework Agreement for a term commencing on 1 January 2022 and ending on 31 December 2024.

## **II. RELATIONSHIP BETWEEN THE PARTIES**

The Company is an investment holding company. The principal business of the Group is 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.

JCG is the ultimate holding company of the Company and as at the date of this announcement, through its wholly-owned subsidiaries, JCG indirectly owns 7,593,009,857 Shares, representing approximately 60.21% of the issued share capital 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.

Jin Gang, a company incorporated in the DRC and is principally engaged in engineering, construction, mining construction, equipment maintenance as well as trading. Jin Gang is an indirect non wholly-owned subsidiary of JCG and therefore an associate of the Company under the Listing Rules. The transactions contemplated under the New Jin Gang Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

### III. NEW JIN GANG FRAMEWORK AGREEMENT

#### (a) Principal terms of the New Jin Gang Framework Agreement

##### ***Date***

30 December 2021

##### ***Parties***

- (i) the Company; and
- (ii) Jin Gang

##### ***Term***

For a term of three years commencing on 1 January 2022 and ending on 31 December 2024 (both days inclusive).

##### ***Subject matter***

Pursuant to the New Jin Gang Framework Agreement, Jin Gang as contractor shall provide mining, maintenance, bagging and loading and various mining related services (which shall include, but is not limited to the development of access cross cuts, gathering drives, footwall drives, ventilation cross cuts, ventilation drive, ventilation raises, service raises, pump chamber, stope mining and remedial work activities underground) to the Group during the term.

##### ***Contract price***

The contract price for mining, maintenance, bagging and loading work for each implementation contract made under the New Jin Gang Framework Agreement shall be determined based on arm's length terms at the time when such contract is entered into between relevant member(s) of the Group and Jin Gang in accordance with the pricing mechanism mentioned below. The contract price for the mining work for each implementation contract made under the New Jin Gang Framework Agreement shall be determined based on the estimated quantity of operational development and production of the mining work in accordance with the pricing mechanism mentioned below. Payment of the contract price will be settled in cash in arrears on a monthly basis or in accordance with the payment terms agreed by the relevant parties in the relevant implementation contracts to be entered into pursuant to the New Jin Gang Framework Agreement.

##### ***Termination***

Either party can terminate the New Jin Gang Framework Agreement by giving the other party six months' prior notice to such effect.

## (b) Annual Caps

The table below sets out the historical figures and the annual caps under the Existing Jin Gang Framework Agreement and the new annual caps under the New Jin Gang Framework Agreement:

Year ended		Year ended		Year	Eleven	Year	Year	Year
31 December 2019		31 December 2020		ending	months	ending	ending	ending
Annual		Annual		31 December	ended	31 December	31 December	31 December
cap		cap		2021	30 November	2022	2023	2024
amount		amount		Annual	2021	New	New	New
<i>(US\$'000)</i>		<i>(US\$'000)</i>		cap	amount	annual cap	annual cap	annual cap
				<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>	<i>(US\$'000)</i>
17,500	14,985	17,500	15,927	17,500	12,832	23,500	23,500	23,500

The new annual caps under the New Jin Gang Framework Agreement have been determined with reference to (i) the historical transaction amounts under the Existing Jin Gang Framework Agreement; (ii) the Group's existing and future operational needs for similar services; (iii) the anticipated increase for maintenance and mining work by the Group's mining operations in the DRC and Zambia; and (iv) a reasonable buffer for any upward adjustments in the contract price pursuant to the terms of the relevant individual contracts. Given the nature of the contracts, the Directors are of the view that the proposed new annual caps set out above are fair and reasonable.

## IV. REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS WITH JIN GANG

The Company anticipates that the demand for maintenance work at both Ruashi Mine and Kinsenda Mine will become more frequent in the upcoming years as the equipment and machines have been in operation for a period of time and will involve more complex metallurgy process.

After continuous evaluation of Jin Gang's performance under the Existing Jin Gang Framework Agreement, the Group considers it is in the best interest of the Group to expand its co-operation with Jin Gang in Africa, and in particular, Ruashi Mine, another major operation of the Group in the DRC.

The Company also anticipates that the volume and cost of mining services at both Kinsenda Mine and Ruashi Mine will increase as the operations go deeper in the future.

As Jin Gang is an existing and experienced service provider and has good understanding of the Group's production, the Directors believe that Jin Gang is able to provide the Group with mining, maintenance, bagging and loading and various mining related services in a timely and reliable manner, thereby minimising the management and operational costs of the Group, and maintaining the good standard of mining and maintenance work.

The New Jin Gang Framework Agreement shall serve to continue to provide a centralized control and management system in relation to the mining, maintenance, bagging and loading and various mining related services between the Group and Jin Gang from time to time.

The Directors (including the independent non-executive Directors) consider that (i) the transactions contemplated under the New Jin Gang Framework Agreement are to be carried out in the ordinary and usual course of business of the Group; (ii) the terms of the New Jin Gang Framework Agreement are on normal commercial terms, on terms that are fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and (iii) the annual caps under the New Jin Gang Framework Agreement for each of the three years ending 31 December 2024 are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

## **V. PRICING MECHANISM AND INTERNAL CONTROL**

For the maintenance, and/or bagging and loading work contemplated under the New Jin Gang Framework Agreement, the basic contract price will be determined by considering the quality and fee level of similar services provided by different service providers in the same industry in the DRC and/or, as the case may be, Zambia. For the mining services contemplated under the New Jin Gang Framework Agreement, the Group will primarily adopt public bidding in accordance with the Group's internal guideline for bidding.

The arrangement between the Group and Jin Gang under the New Jin Gang Framework Agreement is non-exclusive and there should be no bias or preference for the Group to deal with Jin Gang.

In addition, the Group has in place internal control measures for choosing between Jin Gang and other independent third parties for providing similar or comparable services. In particular, before entering into a specific contract under the New Jin Gang Framework Agreement with Jin Gang, at least three quotations from different parties (including Jin Gang) will be obtained by the Group for any contracts with sum above US\$10,000. The screening process, rationale and result on the potential service providers will be documented and submitted to the senior management of the Group for review and final approval before entering into the specific contract with the successful service provider.

As part of the Company's internal control measures, the implementation of the New Jin Gang Framework Agreement and the relevant pricing terms in accordance with the general transaction principles therein, including the relevant charges and expenses, will be monitored and reviewed by the Board and the senior management of the Group on a regular basis.

The pricing terms will be reviewed by the senior management of the Group prior to the execution of any specific contract under the New Jin Gang Framework Agreement with Jin Gang to ensure that the relevant general transaction principles are being complied with on an arm's length basis and the terms are no less favourable than those offered by independent third parties. The Company will evaluate the continuing connected transactions on a yearly basis.

## **VI. IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios in respect of each of the aggregate annual cap amounts for the transactions under the New Jin Gang Framework Agreement exceed 0.1% but are less than 5% as calculated in accordance with Rule 14.07 of the Listing Rules, the New Jin Gang Framework Agreement and the annual caps contemplated thereunder are subject to the reporting and announcement requirements but are exempt from Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **VII. BOARD CONFIRMATION**

None of the Directors have any material interest in the New Jin Gang Framework Agreement for which they would be required to abstain from voting on the relevant board resolution(s) approving such agreement pursuant to the articles of association of the Company. However, for good corporate governance, Mr. Zhang Youda, Mr. Gao Tianpeng, Mr. Cheng Yonghong and Mr. Liu Jian voluntarily abstained from voting on the relevant board resolution(s) in connection with the New Jin Gang Framework Agreement and the related annual cap amounts contemplated thereunder, as they also serve as directors and/or senior management of JCG.

## **VIII. 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)
“Director(s)”	the director(s) of the Company
“DRC”	the Democratic Republic of Congo

“Existing Jin Gang Framework Agreement”	the contract entered into between the Company and Jin Gang on 20 November 2019 in relation to the provision of mining work, maintenance work, bagging and loading work and various mining related services, provided or to be provided by Jin Gang to the Group from time to time
“Group”	collectively, the Company and its subsidiaries controlled by the Company from time to time
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	Shareholders other than JCG Group and its associates
“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 ultimate 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
“Jin Gang”	Jin Gang (D.R Congo) SA, an indirect non wholly-owned subsidiary of JCG
“Kinsenda”	Kinsenda Copper Company SA, a company incorporated in the DRC and an indirect non wholly-owned subsidiary of the Company
“Kinsenda Mine”	an underground copper mine owned by Kinsenda and situated in Haut-Katanga Province in the DRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Jin Gang Framework Agreement”	the contract entered into between the Company and Jin Gang on 30 December 2021 in relation to the provision of mining work, maintenance work, bagging and loading work and various mining related services, provided or to be provided by Jin Gang to the Group from time to time
“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
“Ruashi Mine”	an open-cast oxide copper and cobalt mine owned by Ruashi and situated in the DRC on the outskirts of Lubumbashi, the capital of Haut-Katanga Province
“Share(s)”	ordinary share(s) with nominal value 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
“subsidiary(ies)”	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
“%”	per cent

\* For identification purpose only

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

Hong Kong, 30 December 2021

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