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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

On 10 July 2019, Chibuluma and Jinchuan R&E entered into the Exploration Contract relating to the provision of infill geochemical soil sampling, trenching, ground induced polarization and drilling management works at the Northwestern Province Exploration Projects by Jinchuan R&E to Chibuluma.

JCG is the ultimate holding company of the Company. As at the date of this announcement, through its wholly-owned subsidiaries, JCG indirectly owns 7,567,325,857 Shares, representing approximately 60.01% of the issued share capital of the Company. Jinchuan R&E is a direct wholly-owned subsidiary of JCG.

As JCG is a connected person of the Company under Chapter 14A of the Listing Rules and the transactions between JCG Group (including Jinchuan R&E) and the Group constitute connected/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 Exploration Contract, when aggregated with those under the Survey Contract and the Design Supervision Contract, are more than 0.1% but less than 5%, the transaction under the Exploration Contract is subject to reporting, announcement requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

On 10 July 2019, Chibuluma and Jinchuan R&E entered into the Exploration Contract relating to the provision of infill geochemical soil sampling, trenching, ground induced polarization and drilling management works at Northwestern Province Exploration Projects by Jinchuan R&E to Chibuluma.

RELATIONSHIP BETWEEN THE GROUP AND JCG GROUP

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 the PRC and Hong Kong. Chibuluma is an indirect non wholly-owned subsidiary of the Company.

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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.

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EXPLORATION CONTRACT

On 10 July 2019, Chibuluma and Jinchuan R&E entered into the Exploration Contract relating to the provision of infill geochemical soil sampling, trenching, ground induced polarization and drilling management works at Northwestern Province Exploration Projects by Jinchuan R&E to Chibuluma.

Principal terms of the Exploration Contract

Date

10 July 2019

Parties

- (i) Chibuluma; and
- (ii) Jinchuan R&E

Subject matter

Pursuant to the Exploration Contract, Jinchuan R&E as contractor shall carry out infill geochemical soil sampling, trenching, ground induced polarization and drilling management works at Northwestern Province Exploration Projects to Chibuluma during the period from July 2019 to April 2020.

The planned exploration programme will be done in phases. The first phase will commence with infill geochemical soil sampling followed by ground induced polarization. The second phase will comprise of trenching and reverse circulation drilling. Depending on the results from reverse circulation drilling, the last phase of the exploration programme will be diamond drilling. Jinchuan R&E will log, capture geological data and sample the drillholes according to the work programme.

Contract price

The contract price for the work under the Exploration Contract is US\$375,400 (exclusive of any applicable taxes), together with such additions or deductions as are provided for in the Exploration Contract. Payment of the contract price will be settled by instalments over the progress of the work pursuant to the Exploration Contract.

Basis of determining the contract price

The contract price under the Exploration Contract was determined by making reference to the standard of budget for provision of technical services relating to geological survey and exploration set by the Standards for Budget of National Land Resources Survey (國土資源調查預算標準) (the “**Standard**”) jointly issued by The Ministry of Finance and the Ministry of Land and Resources of the PRC. The Standard provides, among others, budget for technical working methods, budget for comprehensive research and scientific research, and regional adjustment coefficient reflective of the market prices at the relevant place where the service will be rendered. Having considered the technical work and fee level of similar services provided by different service providers in the same industry in Zambia, the Group has followed the Standard for its project. 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 Exploration Contract, the Company shall re-comply with the requirements under Rule 14A.54 of the Listing Rules.

REASONS FOR AND BENEFIT OF THE EXPLORATION CONTRACT

The Exploration Contract is an extension of the Survey Contract in relation to the further exploration work to be carry out by Jinchuan R&E at the Northwestern Province Exploration Projects (please refer to the announcement of the Company dated 31 December 2018 for details). Chibuluma has reviewed the qualification and the previous projects conducted by Jinchuan R&E under the Survey Contract and other contractors providing similar services. In addition, to facilitate the smooth completion of the project work, Jinchuan R&E has set up a high quality skilled team for the survey work, which included two project managers and seven geologists. Chibuluma considers Jinchuan R&E as an experienced mining design company equipped with competent skill and knowledge, and believes that retaining Jinchuan R&E to undertake the infill geochemical soil sampling, trenching, ground induced polarization and drilling management works under the Exploration Contract is in the best interest of Chibuluma.

The Directors (including the independent non-executive Directors) consider that the Exploration 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 Exploration Contract for which they would be required to abstain from voting on the relevant board resolution approving the Exploration Contract pursuant to the Articles of Association of the Company. However, for good corporate governance, Mr. Zhang Youda, Mr. Gao Tianpeng, Mr. Qiao Fugui and Mr. Yang Jinshan have voluntarily abstained from voting on the relevant board resolutions in connection with the Exploration Contract, as they also serve as directors and/or senior management of JCG and/or its subsidiaries.

IMPLICATIONS UNDER THE LISTING RULES

As disclosed in the announcement published by the Company on 31 December 2018, the Group has entered into the Survey Contract and the Design Supervision Contract, respectively, with Jinchuan R&E pursuant to the terms therein mentioned.

Having considered that the Survey Contract, the Design Supervision Contract and the Exploration Contract are of the similar nature and the relevant counterparty is the same and controlled by the same shareholder, the Directors consider that the transactions under the Survey Contract, the Design Supervision Contract and the Exploration Contract shall be aggregated for the purpose of determining the relevant requirement applicable to the Exploration Contract pursuant to 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 Exploration Contract, when aggregated with those under the Survey Contract and the Design Supervision Contract, are more than 0.1% but less than 5%, the transaction under the Exploration 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
“Chibuluma”	Chibuluma Mines plc, a company incorporated in Zambia and an indirect non wholly-owned subsidiary of the Company
“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
“Design Supervision Contract”	the design supervision contract entered into between Ruashi and Jinchuan R&E on 31 December 2018 in relation to the provision of design supervision services for Musonoi Project by Jinchuan R&E to Ruashi. For details, please refer to the announcement of the Company dated 31 December 2018
“Director(s)”	the director(s) of the Company
“DRC”	the Democratic Republic of Congo
“Exploration Contract”	the contract entered into between Chibuluma and Jinchuan R&E on 10 July 2019 in relation to the provision of infill geochemical soil sampling, trenching, ground induced polarization and drilling management works at the Northwestern Province Exploration Projects by Jinchuan R&E to Chibuluma
“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

* *For identification purposes only*

“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
“Jinchuan R&E”	金川鎳鈷研究設計院有限責任公司 (Jinchuan Nickel & Cobalt Research and Engineering Institute Co., Ltd.*), a direct wholly-owned subsidiary of JCG
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Musonoi Project”	a greenfield copper and cobalt project owned by Ruashi and situated in Katanga Province in DRC
“Northwestern Province Exploration Projects”	greenfield projects owned by Chibuluma and situated in the Northwestern Province in Zambia
“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
“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)
“Survey Contract”	the survey contract entered into between Chibuluma and Jinchuan R&E on 31 December 2018 in relation to the provision of geochemical and ground-geophysical surveys in the Northwestern Province Exploration Projects by Jinchuan R&E to Chibuluma. For details, please refer to the announcement of the Company dated 31 December 2018.

“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 Hok Bun Mario
Company Secretary

Hong Kong, 10 July 2019

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Gao Tianpeng and Mr. Qiao Fugui; four non-executive directors, namely Mr. Zhang Youda, Mr. Yang Jinshan, Mr. Wang Qiangzhong and Mr. Zeng Weibing; and three independent non-executive directors, namely Mr. Wu Chi Keung, Mr. Yen Yuen Ho, Tony and Mr. Poon Chiu Kwok.