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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Jinchuan Group International Resources Co. Ltd.**, you should at once hand this circular and the accompanying proxy form to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.



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)

CONTINUING CONNECTED TRANSACTIONS; AND NOTICE OF EXTRAORDINARY GENERAL MEETING

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

ALTUS CAPITAL LIMITED

A letter from the Board is set out on pages 5 to 20 of this circular. A letter from the Independent Board Committee is set out on pages 21 to 22 of this circular. A letter from Altus containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 23 to 41 of this circular.

A notice convening the EGM to be held at United Conference Centre, 10/F, United Centre, 95 Queensway, Hong Kong at 3:30 p.m. (or immediately after the conclusion of the annual general meeting of the Company which is scheduled to be held on the same day at 3:00 p.m.) on Wednesday, 28 May 2025 is set out on pages 48 to 49 of this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete the accompanying proxy form in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, as soon as possible but in any event not less than 48 hours before the time fixed for the holding of the EGM (i.e. before 3:30 p.m. on Monday, 26 May 2025) or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting in person at the EGM if you so wish.

6 May 2025

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the meanings set out below:

“2022 CCT Agreement”	the framework agreement dated 14 April 2022 entered into between the Company and JCG for trading of Mineral and Metal Products between the Group and JCG Group for the three years commencing retrospectively from 1 June 2022 and expiring on 31 May 2025
“2025 CCT Agreement”	the framework agreement dated 30 April 2025 entered into between the Company and JCG for trading of the Mineral and Metal Products between the Group and JCG Group for two years and seven months commencing from 1 June 2025 and expiring on 31 December 2027
“Altus” or “Independent Financial Adviser”	Altus Capital Limited, a corporation licensed to carry on Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in connection with the 2025 CCT Agreement and the Proposed Annual Caps
“Articles of Association”	the articles of association of the Company
“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
“Continuing Connected Transactions”	collectively, the continuing connected transactions for the trading of Mineral and Metal Products between the Group and JCG Group contemplated under the 2025 CCT Agreement
“Director(s)”	the director(s) of the Company

DEFINITIONS

“DRC”	the Democratic Republic of Congo
“EGM” or “Extraordinary General Meeting”	the extraordinary general meeting to be convened by the Company at United Conference Centre, 10/F United Centre, 95 Queensway, Hong Kong at 3:30 p.m. (or immediately after the conclusion of the annual general meeting of the Company which is scheduled to be held on the same day at 3:00 p.m.) on Wednesday, 28 May 2025 for, among other matters, approving the 2025 CCT Agreement and the transactions contemplated thereunder including the Proposed Annual Caps
“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 2025 CCT Agreement and the transactions contemplated thereunder including the Proposed Annual Caps
“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)
“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 controlling shareholder of the Company
“JCG Group”	collectively, JCG and its subsidiaries and associates controlled by it from time to time, for the purpose of this circular, excluding the Group
“JCHK”	Jinchuan Group (Hongkong) Resources Holdings Limited, an investment holding company incorporated in Hong Kong and a wholly-owned subsidiary of JCG

DEFINITIONS

“Kinsenda Mine”	an underground copper mine owned by the Group and situated in Katanga Province in the DRC
“Latest Practicable Date”	30 April 2025
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LME”	London Metal Exchange, a recognized investment exchange regulated by the Financial Conduct Authority of the United Kingdom and a recognised publisher of reference prices for various metals which are timely published on its designated website (https://www.lme.com/) on a daily basis for metal and investment communities
“MB”	Metal Bulletin, a premium intelligence service for metal and steel professionals, being part of the Euromoney Institutional Investor Plc Group of companies and a recognised publisher of reference prices for long-term cobalt trading contracts which are timely published on its designated website (www.metalbulletin.com) on a daily basis for subscribed members and publications
“Metorex”	Metorex (Proprietary) Limited, a company incorporated in South Africa and an indirect wholly-owned subsidiary of the Company
“Mineral and Metal Products”	mineral products, metal products and other raw materials, including but not limited to copper or nickel ores and concentrates, copper or nickel cathodes and other forms of copper, nickel or other metals bearing raw materials, cobalt and its related products
“PRC”	the People’s Republic of China, for the purpose of this circular, excluding Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Proposed Annual Caps”	the proposed annual caps of the Continuing Connected Transactions for the seven-month period ending 31 December 2025 and two financial years ending 31 December 2026 and 2027, details of which are set out in the paragraph headed “5. PROPOSED ANNUAL CAPS AND THE DETERMINATION BASIS”

DEFINITIONS

“Register of Members”	the register of members of the Company maintained by the branch share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong
“Ruashi Mine”	an opencast oxide copper and cobalt mine owned by the Group and situated in the DRC on the outskirts of Lubumbashi, the capital of Katanga Province
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of the Company listed on the Stock Exchange
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) for the time being in force
“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)
“Zambia”	the Republic of Zambia
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	percentage

* *For identification purposes only*

Certain English translation of Chinese names or words in this circular are included for information only, and are not official English translations of such Chinese names or words.

LETTER FROM THE BOARD



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)

Executive Directors:

Mr. Cheng Yonghong (*Chairman of the Board*)

Mr. Gao Tianpeng (*Chief Executive Officer*)

Non-executive Director:

Mr. Wang Qiangzhong

Independent Non-executive Directors:

Mr. Yen Yuen Ho, Tony

Mr. Poon Chiu Kwok

Mr. Yu Chi Kit

Ms. Han Ruixia

Registered office:

Cricket Square

Hutchins Drive

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Grand Cayman KY1-1111

Cayman Islands

*Head office and principal place
of business in Hong Kong:*

15th Floor, Tower 2,

Admiralty Centre,

18 Harcourt Road,

Admiralty, Hong Kong

6 May 2025

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS;
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

A. INTRODUCTION

Reference is made to (1) the announcement and the circular in relation to, among others, the continuing connected transactions under the 2022 CCT Agreement published by the Company on 14 April 2022 and 29 April 2022, respectively; and (2) the announcement regarding the 2025 CCT Agreement and the Proposed Annual Caps published by the Company on 30 April 2025.

LETTER FROM THE BOARD

The purpose of this circular is to provide the Shareholders with information on, among other things, considering and approving the 2025 CCT Agreement and the transactions contemplated thereunder, including the Proposed Annual Caps contained in the notice of EGM, so that the Shareholders may make an informed decision on voting in respect of the resolution to be tabled at the EGM.

B. CONTINUING CONNECTED TRANSACTIONS

1. RELATIONSHIP BETWEEN THE GROUP AND JCG GROUP

The Company was acquired by JCG Group in November 2010 and since then has been serving as the flagship and listed international base metals platform of JCG Group for undertaking overseas operations in the exploration and exploitation of mining assets and related trading of raw materials and products of non-ferrous metal including, copper and cobalt, while it continues to leverage on the background and expertise of JCG Group to pursue mining investment opportunities.

As at the Latest Practicable Date, through its wholly-owned subsidiaries, JCG indirectly owns 7,593,009,857 Shares, representing approximately 57.82% of the issued share capital of the Company. Accordingly, JCG is a connected person of the Company under Chapter 14A of the Listing Rules and the Continuing Connected Transactions constitute continuing connected transactions of the Company.

2. BACKGROUND

The Company and JCG entered into the 2022 CCT Agreement for the purpose of governing the trading of Mineral and Metal Products between the Group and JCG Group. The 2022 CCT Agreement will expire on 31 May 2025.

To continue the trading of Mineral and Metal Products between the Group and JCG Group, on 30 April 2025 (after trading hours), the Company and JCG entered into the 2025 CCT Agreement. The 2025 CCT Agreement and the transactions contemplated thereunder including the Proposed Annual Caps are conditional upon the approval of the Independent Shareholders at the EGM.

3. 2025 CCT AGREEMENT

On 30 April 2025 (after trading hours), the Company and JCG entered into the 2025 CCT Agreement, a framework agreement in relation to the continuing connected transactions for the trading of Mineral and Metal Products between the Group and JCG Group.

LETTER FROM THE BOARD

The principal terms of the 2025 CCT Agreement are as follows:

Date

30 April 2025

Parties

- (i) the Company (as seller); and
- (ii) JCG (as buyer)

Term

Subject to the fulfilment of the conditions precedent, the 2025 CCT Agreement shall commence from 1 June 2025 to 31 December 2027 (both days inclusive). Subject to compliance with the Listing Rules, the parties shall be entitled to re-negotiate the terms for the sale and purchase of the Mineral and Metal Products upon expiry of the 2025 CCT Agreement.

Subject Matter

Pursuant to the 2025 CCT Agreement, the Company has agreed to cause the Group to sell to JCG Group, and JCG has agreed to cause JCG Group (for the purpose of this circular, excluding the Group) to purchase from the Group, the Mineral and Metal Products that the Group may source from third parties or produce by the mines of the Group during the term of the 2025 CCT Agreement.

The quantity of each type of Mineral and Metal Products to be sold to JCG Group is not fixed under the terms of the 2025 CCT Agreement but is to be determined and agreed between the relevant parties from time to time.

Conditions Precedent

The undertaking of the Continuing Connected Transactions is conditional upon the Company having obtained the Independent Shareholders' approval at the EGM for the 2025 CCT Agreement and the transactions contemplated thereunder including the Proposed Annual Caps.

General transaction principles

The Continuing Connected Transactions should be conducted in accordance with the following general principles:

LETTER FROM THE BOARD

- (i) the Mineral and Metal Products provided by the Group should be of good quality and at fair and reasonable prices;
- (ii) the Group and JCG Group shall be entitled to enter into separate contracts for trading/sale and purchase of the Mineral and Metal Products contemplated under the 2025 CCT Agreement from time to time. Such contracts should comply with the relevant regulatory requirements in Hong Kong (including but not limited to the Listing Rules) and other applicable laws and regulations in the respective jurisdiction, and should set out, among other things, the parties of the transaction(s), the terms and conditions of the transaction(s), the relevant product(s) and the trading price(s) (as determined in accordance with the pricing mechanism under the 2025 CCT Agreement), the delivery time and the payment terms. The terms of such trading contracts should be on normal commercial terms and should be no less favourable than those available to Independent Third Parties; and
- (iii) the terms offered by the Group should be competitive in terms of the quality and trading price of the Mineral and Metal Products. Priority should only be given to the Group by JCG Group if the quality and trading price of the Mineral and Metal Products provided by the Group to JCG Group are no less favourable than those available from Independent Third Parties.

Basis of the selling prices of the Mineral and Metal Products

The consideration of the Mineral and Metal Products sold will be determined with reference to the prevailing market price of the Mineral and Metal Products at the time of each specific agreement to be entered into pursuant to the 2025 CCT Agreement, subject to certain adjustments mainly involving the basis coefficient pricing, the moisture content, the percentage of metal content and the impurity element content in the metals. Market prices of copper, cobalt, nickel and other relevant metals refer to (i) the copper price quoted on the LME; or (ii) the cobalt price quoted on the MB; or (iii) the nickel price quoted on the LME; or (iv) when the market price of other Mineral and Metal Products could not be adequately reflected through (i), (ii) and (iii) at the place of sale or the receiving market, the price shall be reasonably determined by both parties after making reference to the price of Mineral and Metal Products at the place of sale or the receiving market. Such price will be determined by making reference to the selling price charged by other renowned mining companies at the place of sale or receiving market, and a recognized stock index that is comparable to the LME or the MB, such as SMM Information & Technology Co., Ltd., Shanghai Futures Exchange or Chicago Mercantile Exchange. This mechanism is intended to ensure that the selling prices for the Mineral and Metal Products provided by the Group to JCG Group will be determined on normal commercial terms.

LETTER FROM THE BOARD

Payment terms

Payments of the transactions will be settled in arrears, or such other manners as agreed by the parties in accordance with the agreed timing and manners as specified in the separate contracts to be entered into between members of the Group and JCG Group from time to time.

4. HISTORICAL ANNUAL CAPS AND THE HISTORICAL TRADING AMOUNTS

The following table sets out the historical annual caps for transactions and the historical trading amounts of Mineral and Metal Products between the Group and the JCG Group, respectively, for the periods indicated below:

	Year ended 31 December 2022 (US\$)	Year ended 31 December 2023 (US\$)	Year ended 31 December 2024 (US\$)	One month ended 31 January 2025 (US\$)
Historical annual caps under the 2022 CCT Agreement	464 million	450 million	450 million	187 million (for the five months ended 31 May 2025)
Historical trading amounts under the 2022 CCT Agreement	34.88 million	Nil	Nil	Nil

The historical trading amount in the year ended 31 December 2022 was approximately US\$34.9 million, representing approximately 7.5% of the historical annual cap under the 2022 CCT Agreement. There were no transactions recorded between the Group and JCG Group under the 2022 CCT Agreement for the years ended 31 December 2023 and 2024. The low trading activities between the Group and JCG Group under the 2022 CCT Agreement were mainly due to the production capacity of the Group's existing mines being sold to Independent Third Party buyers under various contracts. In respect of Ruashi Mine, the production capacity had been sold to Independent Third Party buyers since September 2022; while for Kinsenda Mine, its production capacity had been sold to Independent Third Party buyers since July 2022. Given the above, the Group was unable to allocate any of its copper and cobalt products to JCG Group, resulting in the low utilisation of the historical annual caps during the term of the 2022 CCT Agreement. As mentioned in the paragraph headed "9. INTERNAL CONTROLS" below, the Group has in place internal control measures for choosing between JCG Group and other independent third party buyers for the Group's Mineral and Metal Products and will only select the successful buyer by way of tender.

LETTER FROM THE BOARD

Going forward, as the Musonoi Mine is expected to commence operation in the second half of 2025, its products are expected to be available for sale to, amongst others, the JCG Group during the term of the 2025 CCT Agreement.

5. PROPOSED ANNUAL CAPS AND THE DETERMINATION BASIS

The following table sets out the Proposed Annual Caps:

	Seven months ending 31 December 2025 (US\$)	Year ending 31 December 2026 (US\$)	Year ending 31 December 2027 (US\$)
Proposed Annual Caps	149 million	496 million	616 million

In arriving at the Proposed Annual Caps, the Directors have taken account of the following for consideration:

- 1) The acute fluctuation of the price and demand for copper and cobalt. In 2024, the average benchmark LME copper price was approximately US\$9,145 per tonne, representing an increase of approximately 7.8% from approximately US\$8,483 per tonne in 2023. In contrast, cobalt price decreased drastically from a high of US\$35 per pound in June 2022 to US\$10 per pound by the end of 2024 and early 2025. The average benchmark MB cobalt prices in 2023 and 2024 were approximately US\$15 per pound and US\$11 per pound respectively. By taking reference to the average monthly prices of copper and cobalt between January 2024 and December 2024, the Group adopted US\$9,000 per tonne and US\$11 per pound for copper and cobalt respectively.
- 2) The possible sale of around 50% of copper cathode and/or cobalt hydroxide produced by Ruashi Mine in the DRC and the possible sale of around 50% of copper concentrate produced by Kinsenda Mine in the DRC, subject to tendering and bidding exercise outcome.
- 3) The proposed annual caps for 2026 and 2027 are larger than that of 2025, due to the expansion of production capacities and sales volume of the following three major mines. Musonoi Mine is expected to commence production in the second half of 2025 and a significant portion of the production capacity of the existing contracts for Ruashi Mine and Kinsenda Mine have already been utilized, thereby constraining the availability of additional capacity for the sales to JCG. However, with Musonoi Mine expecting to operate at full capacity in 2026 and 2027, with the assumption of potential sales to JCG of up to 50% of its production, this will result in a substantial increase in the annual caps of 2026 and 2027. Furthermore,

LETTER FROM THE BOARD

the expiry dates of third-party contracts for Ruashi Mine in 2025 and Kinsenda Mine in 2026 are expected to unlock additional sales volume, with up to 50% of their production capacities potentially being sold in 2026 and 2027, respectively. As a direct result of these factors, the proposed annual caps for 2026 and 2027 are larger than the annual cap set for 2025, reflecting the anticipated growth in production and sales across the three mines.

- 4) The inclusion of a 25% buffer representing approximately three months of the sales value of the Mineral and Metal Products for the Proposed Annual Caps. Given the volatility of the prices of Mineral and Metal Products, the transaction amount under the Continuing Connected Transactions could increase significantly even when there is no significant increase in the volume of Mineral and Metal Products sold and purchased under the Continuing Connected Transactions. As such, the Company believes that it would be prudent to leave three months of the sales value of the Mineral and Metal Products as a buffer. One reason is that the Company would need approximately three months to finalize the process of obtaining the Independent Shareholders' approval to revise the annual caps for the Continuing Connected Transactions, the other reason is that normally it would need one month to one and a half months to arrange transportation before making actual delivery of products and realising sales value, it would also need 20-25 days for its management team to access actual sales value after delivery of products and realising of sales revenue.

Shareholders should note that the Proposed Annual Caps represent an estimate based on information currently available and that the actual utilisation and sufficiency of the Proposed Annual Caps would depend on a number of factors, including but not limited to, the tendering and bidding exercise outcome, the price of the Mineral and Metal Products and the demand of JCG Group. The Proposed Annual Caps have no direct relationship to, nor should be taken to have any bearing on, the Group's financial or potential financial performance or percentage of contributions of sales revenue to JCG Group to the overall revenue of the Group over the term of the 2025 CCT Agreement in the coming years.

6. REASONS FOR THE BENEFIT OF THE 2025 CCT AGREEMENT

Reasons for selling copper, cobalt and nickel of the Group to JCG Group

JCG Group is one of the major players of copper, cobalt and nickel refinery in the PRC and is the third largest copper producer in the PRC, the third largest nickel producer in the world and the fourth largest cobalt producer in the world. Copper, cobalt and nickel are strategic and critical metals used in many industrial applications. It is expected that the potential sale of copper, cobalt and nickel of the Group to JCG Group will expand the Group's potentials to realise its Mineral and Metal Products.

LETTER FROM THE BOARD

The Group's Africa subsidiaries are copper focused mining companies with significant copper and cobalt reserves and resources. The Group's mining projects are located in the DRC and Zambia in the Central African copperbelt, which hosts some of the world's largest copper and cobalt deposits, containing over a third of the world's cobalt mineral reserves and a tenth of the world's copper mineral reserves.

The Directors consider that it is beneficial for the Company and its Shareholders as a whole to continue selling copper, cobalt and nickel to JCG Group on the following grounds:

- (a) JCG Group has been one of the top copper, cobalt and nickel processing companies in the PRC for years. Historically, JCG Group has been the key processing player with whom global copper, cobalt and nickel miners would like to do business. JCG Group is tier one company in Gansu Province and Gansu Government has strong expectation for JCG Group to continue to grow and keep the industry leading position.
- (b) JCG Group is one of the market leaders in copper, cobalt and nickel processing production in the PRC. It has processing capacity to take a significant portion of production of the Group's operation.
- (c) The copper, cobalt and nickel prices payable by JCG Group are consistent with market practice and the commercial terms by reference to an independent benchmark price that reflects prevailing rates plus an adjustment mechanism is fair and reasonable.

With that said, as demonstrated in the section headed "8. PRICING MECHANISM OF THE CONTINUING CONNECTED TRANSACTIONS" of this circular, the Company will continue to implement its comprehensive internal control system to ensure that its continuing connected transactions are conducted on normal commercial terms or better and in the ordinary course of business of the Group, and in the interests of the Company and the Shareholders as a whole. Therefore, despite the fact that JCG Group is the controlling Shareholder of the Group, the Directors consider that the overall pricing basis under the 2025 CCT Agreement is fair and reasonable, and the transactions thereunder are conducted on normal commercial terms or better and in the ordinary course of business of the Group. Accordingly, the 2025 CCT Agreement and transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

Based on the above, the Directors believe that the strategic partnership in the supply of Mineral and Metal Products between the Group and JCG Group is mutually beneficial to both parties.

LETTER FROM THE BOARD

7. REASONABLENESS AND FAIRNESS OF THE 2025 CCT AGREEMENT AND THE PROPOSED ANNUAL CAPS

The terms of the 2025 CCT Agreement have been agreed upon arm's length negotiation between the Company and JCG and the pricing mechanism contemplated under the 2025 CCT Agreement are fair and reasonable and are beneficial to the Company and Shareholders as a whole. The arrangement between the Group and JCG Group under the 2025 CCT Agreement is non-exclusive and there should be no bias or preference for the Group to deal with JCG Group. In addition, the strategic partnership in the trading of the Mineral and Metal Products between the Group and JCG Group is mutually beneficial to both parties.

Given that the transactions will be carried out in the ordinary course of business of each party, the parties consider that it will be beneficial to enter into the 2025 CCT Agreement in order to allow more room for the Group to negotiate the terms of the sale of the Mineral and Metal Products with members of JCG Group. The Directors consider that the 2025 CCT Agreement was entered into in the ordinary and usual course of business of the Group and on normal commercial terms (on arm's length basis) or better or on terms no less favourable than those terms offered by Independent Third Parties to the Group for similar products, and that the terms of the 2025 CCT Agreement (including the Proposed Annual Caps) are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

8. PRICING MECHANISM OF THE CONTINUING CONNECTED TRANSACTIONS

The selling prices of the Mineral and Metal Products will be determined by reference to the prices of copper, nickel, cobalt and other relevant metals as announced by the LME and/or the MB, subject to certain adjustments to be made in accordance with the relevant market practices. Generally, such adjustments mainly involve the moisture content, the percentage of metal content and the impurity element content in the metals. The mechanism is intended to ensure that the selling prices for the Mineral and Metal Products provided by the Group to JCG Group will be determined on normal commercial terms.

LETTER FROM THE BOARD

In particular, the selling price of the cobalt contained in cobalt hydroxide will be determined on basis of the MB cobalt price with a basis coefficient (subject to an adjustment based on the cobalt content and impurity element content in the metals). It is a market practice for metal traders to adopt pricing mechanism that use, in line with market practice with respect to the relevant metal, a certain percentage of the prices quoted by a recognised publisher or on a recognised exchange, subject to certain adjustments according to the metal content and quality. The setting of a benchmark by reference to the MB is considered to be appropriate as it is the premium intelligence service for metal professionals and is a recognised publisher of reference prices for short- and long-term cobalt trading contracts. Prior to entering into each separate agreement relating to the sale of cobalt, member(s) of the Group will conduct an international tendering so as to obtain the best of the then cobalt price and basis coefficient. The mechanism is intended to ensure that the selling prices for cobalt offered by JCG Group will be competitive and no less favourable than the prices offered by Independent Third Parties to the Group.

The selling price of the copper (including copper cathode and copper concentrate) will be determined on basis of the LME copper price with or without a basis coefficient (subject to an adjustment based on the copper content and impurity element content in the metals). It is a market practice for metal traders to adopt pricing mechanism that use, in line with market practice with respect to the relevant metal, a certain percentage of the prices quoted by a recognised publisher or on a recognised exchange, subject to certain adjustments according to the metal content and quality. The setting of a benchmark by reference to the LME is considered to be appropriate as it is the premium intelligence service for metal professionals and is a recognised publisher of reference prices for short- and long-term copper trading contracts. Prior to entering into each separate agreement relating to the sale of copper (including copper cathode and copper concentrate), member(s) of the Group will conduct an international tendering so as to obtain the best of the then copper price and basis coefficient. The mechanism is intended to ensure that the selling prices for copper (including copper concentrate) offered by JCG Group will be competitive and no less favourable than the prices offered by Independent Third Parties to the Group.

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9. INTERNAL CONTROLS

The Group has in place internal control measures for choosing between JCG Group and other independent third party buyers for the Group's Mineral and Metal Products. Under such measures, the Group will select the successful buyer of the Group's Mineral and Metal Products by way of tender. In particular, before entering into specific purchase and sales contract with the potential buyers, at least 3 quotations from different parties (including JCG Group) will be obtained by the Group and the Group will assess each potential buyer based on the following criteria:

- (a) Pricing terms
- (b) Payment terms
- (c) Payment ability (with the assessment on historical payment record of potential buyers)
- (d) Volume of intended transactions (buyers with the ability to take up a large volume of the Group's products will be preferred)

The screening process, rationale and result on the potential buyers will be documented and submitted to the senior management of the Group for review and final approval before entering into specific purchase and sales contract with the successful buyers.

The above pricing mechanisms are intended to ensure that the selling prices for the Mineral and Metal Products to be provided by the Group to JCG Group will be determined on normal commercial terms. The Company has established internal control measures to standardise and stipulate the pricing policies and mechanism, the assignment of responsibility and decision-making authority to ensure the Continuing Connected Transactions will be conducted in accordance with the terms of the 2025 CCT Agreement, and that the pricing policies will be strictly complied with. The marketing and trading department of Metorex (the "**Department**") is responsible for issuing tenders, such tenders may be done on-site or via email. As part of the tender process, the Department will conduct a price comparison exercise, wherein it will solicit and consider at least three quotations from potential bidders. In evaluating these quotations, the Department will consider various factors, including sales strategy, the target market, long-term cooperation, market conditions, and price advantages (collectively, the "**Relevant Factors**"). Following the initial evaluation, the Department will shortlist potential bidders and make recommendations to the Sales Tender Committee (the "**Committee**") of Metorex. The Committee, which comprises the Chief Executive Officer, Chief Financial Officer, Deputy Chief Financial Officer, and Marketing and Trading Department Manager of Metorex, as well as the General Manager, Chief Financial Officer, and senior management of the mines, will further assess and evaluate the tenders by considering the Relevant Factors. The Committee's evaluation will conclude with the selection of a final bidder, whose recommendation will be submitted to

LETTER FROM THE BOARD

the Executive Committee (the “ExCo”) of Metorex for final approval. The ExCo, which consists of the Chief Executive Officer, Chief Financial Officer, Deputy Chief Financial Officer of Metorex, and the General Manager of each mine, will review and approve the recommended and final bidder.

As part of the Company’s internal control measures, the implementation of the 2025 CCT Agreement and the relevant pricing terms in accordance with the general transaction principles therein, including the relevant adjustments to metal product prices, the relevant costs and expenses as well as the actual quantity and amount of the Mineral and Metal Products, will be monitored and reviewed by the Board and the senior management on a regular basis, with reference to terms of similar transactions which apply the relevant pricing principles. The pricing terms will be reviewed by the senior management prior to the execution of any transaction document(s) under the 2025 CCT Agreement to ensure the relevant general transaction principles are being complied with on arm’s length basis and the trading terms are no less favourable than those with Independent Third Parties. The Company will evaluate the Continuing Connected Transactions on a yearly basis.

The independent non-executive Directors shall conduct an annual review on whether the terms on which the Continuing Connected Transactions undertaken during the relevant year have been conducted on normal commercial terms by assessing whether the trading prices for the Mineral and Metal Products have been determined by following the above pricing mechanism, selected on a random basis, with Independent Third Parties and by comparing the terms with those conducted with Independent Third Parties and after taking into account the factors that have been identified above (as and if appropriate).

The Group has also taken necessary and additional measures in the reporting and documentation system of the Company and its subsidiaries to ensure that the Proposed Annual Caps would not be exceeded, including:

- (a) updating the trend of trading prices of the Mineral and Metal Products regularly by taking into account the development of the Group and market conditions;
- (b) conducting more frequent reviews on the aggregate transaction amounts of the Continuing Connected Transactions and checking with the trading department on the forecast over the transaction amounts of the Continuing Connected Transactions to avoid the approved annual cap regarding the Continuing Connected Transactions from being exceeded;
- (c) expediting the data collection process within the Group including the connected relationship between members within JCG Group and the Group so as to assure all necessary requirements of the Listing Rules are complied with; and

LETTER FROM THE BOARD

- (d) enhancing the supervision of the Continuing Connected Transactions of the Group by providing trading data, on a monthly basis, for review by the management and members of the Risk Management Committee and the Audit Committee of the Company.

In addition, the Company will also make timely announcement(s) and seek Independent Shareholders' approval, initiated by the Board, in the event that any adjustment to an annual cap becomes foreseeable, based on the review and reasonable assessment of the monthly reports submitted.

10. PRINCIPAL ACTIVITIES OF 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.

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 and 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.

11. LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, through its wholly-owned subsidiaries, JCG indirectly owns 7,593,009,857 Shares, representing approximately 57.82% of the issued share capital of the Company. Accordingly, JCG is a connected person of the Company under Chapter 14A of the Listing Rules and the Continuing Connected Transactions constitute continuing connected transactions of the Company.

Since one or more of the applicable percentage ratios of the Proposed Annual Caps as calculated in accordance with Rule 14.07 of the Listing Rules exceeds 5%, the 2025 CCT Agreement and the transactions contemplated thereunder including the Proposed Annual Caps are therefore subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Board will seek the approval of the Independent Shareholders to approve the 2025 CCT Agreement and the transactions contemplated thereunder including the Proposed Annual Caps. JCG and its associates will abstain from voting on the relevant resolution to be passed at the EGM.

LETTER FROM THE BOARD

12. CONFIRMATION OF THE BOARD

The Directors (including the independent non-executive Directors) are of the view that (1) the terms and conditions of the 2025 CCT Agreement were negotiated between the parties on an arm's length basis and are on normal commercial terms that are fair and reasonable; (2) the Proposed Annual Caps are fair and reasonable; and (3) the 2025 CCT Agreement will be conducted in the ordinary and usual course of business of the Company and its subsidiaries and are in the interests of the Company and the Shareholders as a whole.

None of the Directors have any material interest in the 2025 CCT Agreement and Proposed Annual Caps for which they would be required to abstain from voting on the relevant board resolution approving the 2025 CCT Agreement and the Proposed Annual Caps pursuant to the Articles of Association of the Company. However, for good corporate governance, Mr. Cheng Yonghong and Mr. Gao Tianpeng voluntarily abstained from voting on the relevant board resolution in connection with the 2025 CCT Agreement and Proposed Annual Caps, as they also serve as directors of JCG and/or JCHK.

The Company has established an independent board committee, comprising all the independent non-executive Directors, to advise the Independent Shareholders in connection with the 2025 CCT Agreement and Proposed Annual Caps. The Company has appointed Altus as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the 2025 CCT Agreement and Proposed Annual Caps.

C. EXTRAORDINARY GENERAL MEETING

The Company will convene the EGM on Wednesday, 28 May 2025, to seek approval from Shareholders, among other things, the 2025 CCT Agreement and Proposed Annual Caps. JCG and its associates (holding an aggregate of 7,593,009,857 Shares in the Company, representing approximately 57.82% of the total issued share capital of the Company as at the Latest Practicable Date) will abstain from voting on the resolution in relation to the 2025 CCT Agreement and Proposed Annual Caps at the EGM. The proposed resolution regarding the 2025 CCT Agreement and the Proposed Annual Caps contemplated thereunder will be passed by way of ordinary resolution.

Set out on pages 48 to 49 of this circular is a notice to convene the EGM to be held at United Conference Centre, 10/F, United Centre, 95 Queensway, Admiralty, Hong Kong at 3:30 p.m. (or immediately after the conclusion of the annual general meeting of the Company which is scheduled to be held on the same day at 3:00 p.m.) on Wednesday, 28 May 2025 at which ordinary resolution will be proposed to the Shareholders to consider, and if thought fit, approve the 2025 CCT Agreement and the Proposed Annual Caps contemplated thereunder.

LETTER FROM THE BOARD

A proxy form for the EGM is enclosed with this circular. Whether or not you are able to attend the EGM in person, you are requested to complete the proxy form and return it to the Company's branch share registrar at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong, in accordance with the instructions printed thereon not less than 48 hours before the time fixed for the holding of the EGM (i.e. before 3:30 p.m. on Monday, 26 May 2025) or any adjournment thereof. The completion and delivery of a proxy form will not preclude you from attending and voting at the EGM in person.

D. VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes at the EGM will be taken by poll and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

E. CLOSURE OF REGISTER OF MEMBERS

The Register of Members will be closed from Thursday, 22 May 2025 to Wednesday, 28 May 2025 (both days inclusive). During such period, no transfer of Shares will be registered for the purpose of determining the entitlement to attend and vote at the EGM. All transfer documents accompanied by the relevant share certificates must be lodged with the branch share registrar of the Company in Hong Kong, Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on Wednesday, 21 May 2025. Shareholders whose names are recorded on the Register of Members on Wednesday, 28 May 2025 are entitled to attend and vote at the EGM.

F. RECOMMENDATIONS

Your attention is drawn to the letter from the Independent Board Committee set out on pages 21 to 22 of this circular which contains its recommendation to the Independent Shareholders in relation to the 2025 CCT Agreement and the Proposed Annual Caps. Your attention is also drawn to the letter from Altus set out on pages 23 to 41 of this circular which contains its recommendations to the Independent Board Committee and the Independent Shareholders in relation to the 2025 CCT Agreement and the Proposed Annual Caps contemplated thereunder, and the principal factors and reasons taken into account in arriving at its recommendations.

The Independent Board Committee, having taken into account the advice of Altus, considers that (1) the terms and conditions of the 2025 CCT Agreement were negotiated between the parties on an arm's length basis and are on normal commercial terms that are fair and reasonable; (2) the Proposed Annual Caps are fair and reasonable; and (3) the 2025 CCT Agreement will be conducted in the ordinary and usual course of business of the Company and its subsidiaries and are in the interests of the Company and the Shareholders as a whole. Accordingly, it recommends that the Independent Shareholders vote in favour of the resolution to approve the 2025 CCT Agreement and the Proposed Annual Caps.

LETTER FROM THE BOARD

The Directors consider that the resolution as set out in the notice of the EGM is in the interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders vote in favour of the resolution to be proposed at the EGM.

G. ADDITIONAL INFORMATION

Your attention is also drawn to the general information set out in the Appendix to this circular.

Yours faithfully,
For and on behalf of the Board
Jinchuan Group International Resources Co. Ltd
Wong Tak Chuen
Company Secretary

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

6 May 2025

To the Independent Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated 6 May 2025 issued by the Company to its shareholders (the “**Circular**”) of which this letter forms a part. Capitalised terms defined in the Circular shall have the same meanings when used in this letter unless the context otherwise requires.

We are appointed as members of the Independent Board Committee to advise you on (i) whether the terms and conditions of the 2025 CCT Agreement were negotiated between the parties on an arm’s length basis and are on normal commercial terms that are fair and reasonable; (ii) whether the Proposed Annual Caps are fair and reasonable; and (iii) whether the 2025 CCT Agreement will be conducted in the ordinary and usual course of business of the Company and its subsidiaries and are in the interests of the Company and the Shareholders as a whole, and to advise you on how to vote at the EGM, taking into account the recommendations of Altus.

Altus was appointed to advise the Independent Board Committee and the Independent Shareholders on (i) whether the terms and conditions of the 2025 CCT Agreement were negotiated between the parties on an arm’s length basis and are on normal commercial terms that are fair and reasonable; (ii) whether the Proposed Annual Caps are fair and reasonable; and (iii) whether the 2025 CCT Agreement will be conducted in the ordinary and usual course of business of the Company and its subsidiaries and are in the interests of the Company and the Shareholders as a whole, and to advise the Independent Shareholders on how to vote at the EGM.

Having taken into account the principal factors and reasons considered by, and the recommendations of Altus contained in its letter set out on pages 23 to 41 of the Circular, we are of the view that the terms of the 2025 CCT Agreement and the Proposed Annual Caps are fair and reasonable, and the 2025 CCT Agreement are on normal commercial terms, in the ordinary course of business of the Company and its subsidiaries and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the 2025 CCT Agreement and the Proposed Annual Caps contemplated thereunder.

Yours faithfully,
For and on behalf of
the Independent Board Committee
Jinchuan Group International Resources Co. Ltd

Yen Yuen Ho, Tony, Poon Chiu Kwok,
Yu Chi Kit and Han Ruixia
Independent Non-executive Directors

LETTER FROM ALTUS

The following is the text of a letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the 2025 CCT Agreement and the Proposed Annual Caps, which has been prepared for the purpose of incorporation in the Circular.

ALTUS.

Altus Capital Limited
21 Wing Wo Street
Central
Hong Kong

6 May 2025

To the Independent Board Committee and the Independent Shareholders
Jinchuan Group International Resources Co. Ltd
15th Floor, Tower 2
Admiralty Centre
18 Harcourt Road
Admiralty, Hong Kong

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the 2025 CCT Agreement and the Proposed Annual Caps. Details of which are set out in the “Letter from the Board” contained in the circular dated 6 May 2025 (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as those defined in the Circular unless otherwise defined herein or required by the context.

On 30 April 2025 (after trading hours), the Company and JCG entered into the 2025 CCT Agreement, pursuant to which the Company has agreed to cause the Group to sell to JCG Group, and JCG has agreed to cause JCG Group (for the purpose of this letter, excluding the Group) to purchase from the Group, the Mineral and Metal Products that the Group may source from third parties or produce by the mines of the Group during the term of the 2025 CCT Agreement.

LETTER FROM ALTUS

LISTING RULES IMPLICATIONS

As at the Latest Practicable Date, through its wholly-owned subsidiaries, JCG indirectly owns 7,593,009,857 Shares, representing approximately 57.82% of the issued share capital of the Company. Accordingly, JCG is a connected person of the Company under Chapter 14A of the Listing Rules and the Continuing Connected Transactions constitute continuing connected transactions of the Company.

Since one or more of the applicable percentage ratios of the Proposed Annual Caps as calculated in accordance with Rule 14.07 of the Listing Rules exceeds 5%, the 2025 CCT Agreement and the transactions contemplated thereunder including the Proposed Annual Caps are subject to reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The Board will seek the approval of the Independent Shareholders, among other things, to approve the 2025 CCT Agreement and the transactions contemplated thereunder including the Proposed Annual Caps. JCG and its associates will abstain from voting on the relevant resolution to be passed at the EGM.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee consisting of Mr. Yen Yuen Ho, Tony, Mr. Poon Chiu Kwok, Mr. Yu Chi Kit and Ms. Han Ruixia, being all the independent non-executive Directors, has been established to advise the Independent Shareholders on (i) whether the terms of the 2025 CCT Agreement are on normal commercial terms and are fair and reasonable; (ii) whether the 2025 CCT Agreement and the transactions contemplated thereunder will be conducted in the ordinary and usual course of business of the Company and its subsidiaries and are in the interests of the Company and the Shareholders as a whole; (iii) whether the Proposed Annual Caps are fair and reasonable; and (iv) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the EGM, taking into account the recommendation of the Independent Financial Adviser.

THE INDEPENDENT FINANCIAL ADVISER

As the Independent Financial Adviser to the Independent Board Committee, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders as to (i) whether the terms of the 2025 CCT Agreement are on normal commercial terms and are fair and reasonable; (ii) whether the 2025 CCT Agreement and the transactions contemplated thereunder will be conducted in the ordinary and usual course of business of the Company and its subsidiaries and are in the interests of the Company and the Shareholders as a whole; (iii) whether the Proposed Annual Caps are fair and reasonable; and (iv) how the Independent Shareholders should vote in respect of the resolution relating thereto to be proposed at the EGM.

LETTER FROM ALTUS

We have not acted as the financial adviser in relation to any transactions of the Company in the last two years prior to the date of the Circular. Pursuant to Rule 13.84 of the Listing Rules, and given that remuneration for our engagement to opine on the 2025 CCT Agreement and the Proposed Annual Caps contemplated thereunder is at market level and not conditional upon successful passing of the resolution at the EGM, and that our engagement is on normal commercial terms, we are independent of the Company.

BASIS OF OUR ADVICE

In formulating our opinion, we have reviewed, among other things, (i) the 2025 CCT Agreement; (ii) the 2022 CCT Agreement; (iii) the interim report of the Company for the six months ended 30 June 2024 (the “**2024 Interim Report**”); (iv) the annual report of the Company for the year ended 31 December 2023 (the “**2023 Annual Report**”); and (v) other information as set out in the Circular.

We have also relied on the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us by the Company, the Directors and the management of the Group (the “**Management**”). We have assumed that all the statements, information, opinions and representations contained or referred to in the Circular and/or provided to us were true, accurate and complete at the time they were made and will continue to be so up to the date of EGM. The Directors collectively and individually accept full responsibility, including particulars given in compliance with the Listing Rules for the purpose of giving information with regards to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other facts the omission of which would make any statement in the Circular misleading.

We have no reason to believe that any statements, information, opinions or representations relied on by us in forming our opinion is untrue, inaccurate or misleading, nor are we aware of any material facts the omission of which would render the statements, information, opinions or representations provided to us untrue, inaccurate or misleading.

We consider that we have been provided with, and have reviewed, sufficient information to reach an informed view and provide a reasonable basis for our opinion. We have not, however, conducted an independent investigation into the business, financial conditions and affairs or future prospects of the Group.

LETTER FROM ALTUS

PRINCIPAL FACTORS AND REASONS CONSIDERED

1. Background

1.1 Principal businesses of the Group and JCG Group

The Company is an investment holding company. The Group is principally engaged in 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.

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 and 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.

1.2 Operating results of the Group

Set out below is a summary of the operating results of the Group for the six months ended 30 June 2023 and 2024 and the years ended 31 December 2022 and 2023 as extracted from the 2024 Interim Report and the 2023 Annual Report respectively.

	For the six months ended 30 June		For the year ended 31 December	
	2024	2023	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
	(unaudited)	(unaudited)	(audited)	(audited)
Revenue				
– Sale of copper	261,981	320,973	575,842	696,224
– Sale of cobalt	17,252	17,513	76,932	296,485
	279,233	338,486	652,774	992,709
Provisional pricing adjustment, net	3,799	(11,374)	(13,917)	(111,111)
Revenue – reported measure	283,032	327,112	638,857	881,598
Gross profit	43,046	28,389	70,746	68,485
Profit/(Loss) for the year/period	12,784	(10,038)	(10,670)	6,864

Set out below is a table illustrating the volume sold and the average realised price of copper and cobalt from the Group's mining operations (and excluding the Group's trading operations) for the six months ended 30 June 2023 and 2024 and the years ended 31 December 2022 and 2023 as extracted from the 2024 Interim Report and the 2023 Annual Report respectively.

LETTER FROM ALTUS

	For the six months ended 30 June		For the year ended 31 December	
	2024	2023	2023	2022
Volume of copper sold (tonnes)	26,222	29,324	59,516	64,739
Volume of cobalt sold (tonnes)	991	172	2,114	4,496
Average price realised per tonne of copper (US\$)	7,973	7,538	7,315	7,537
Average price realised per tonne of cobalt (US\$)	13,830	N/A	18,510	35,790

Year ended 31 December 2023 compared to year ended 31 December 2022

The Group principally derives its revenue from the sale of metals, primarily being copper and cobalt. As a result, the financial performance of the Group was impacted by fluctuations in commodity prices. The Group recorded revenue of approximately US\$638.9 million in 2023, representing a decrease of approximately 27.5% from approximately US\$881.6 million during the previous year. Such decrease was attributable to the decrease in revenue from the sale of both copper and cobalt. Copper revenue decreased by approximately 17.3% to approximately US\$575.8 million in 2023 from approximately US\$696.2 million in 2022, mainly due to the decrease in volume of copper sold, as well as the slightly lower average copper price realised in 2023 as compared to 2022. Cobalt revenue decreased significantly by approximately 74.1% to approximately US\$76.9 million in 2023 from approximately US\$296.5 million in 2022, mainly due to the substantial decrease in both volume sold and average cobalt price realised in 2023 as compared to 2022.

Despite lower revenue, the Group's gross profit increased slightly by approximately 3.3% from approximately US\$68.5 million in 2022 to approximately US\$70.7 million in 2023, mainly due to the reduction in foreign ore purchase expenses incurred in 2023 compared to 2022. The Group, however, recorded a loss for the year of approximately US\$10.7 million in 2023 compared to a profit for the year of approximately US\$6.9 million in 2022, primarily impacted by the impairment loss on value-added tax recoverable recognised in 2023 of approximately US\$29 million (2022: nil).

LETTER FROM ALTUS

Six months ended 30 June 2024 (“1H2024”) compared to six months ended 30 June 2023 (“1H2023”)

The Group recorded revenue of approximately US\$283.0 million in 1H2024, representing a decrease of approximately 13.5% from approximately US\$327.1 million in 1H2023. Copper revenue decreased by approximately 18.4% to approximately US\$262.0 million in 1H2024 from approximately US\$321.0 million in 1H2023, mainly due to the decrease in volume of copper sold, while partially offset by higher average copper price realised in 1H2024 as compared to 1H2023. Cobalt revenue amounted to approximately US\$17.3 million in 1H2024 which is comparable to US\$17.5 million in 1H2023.

Despite lower revenue, the Group’s gross profit increased by approximately 51.6% from approximately US\$28.4 million in 1H2023 to approximately US\$43.0 million in 1H2024, mainly due to (i) decrease in production cost as a result of temporary cessation of the production of cobalt hydroxide and the decline in the production volume of the copper cathode in Ruashi Mine; and (ii) absence of impairment loss on inventory for cobalt in 1H2024 as compared to impairment loss of approximately US\$10 million recognised in 1H2023. The Group recorded profit for the period of approximately US\$12.8 million in 1H2024 as compared to a loss for the period of approximately US\$10.0 million in 1H2023.

1.3 Relationship between the Group and JCG Group

According to the Management, the Company serves as the flagship and listed international base metals platform of JCG Group for undertaking overseas operations in the exploration and exploitation of mining assets and related trading of raw materials and products of non-ferrous metal including, copper and cobalt, while it continues to leverage on the background and expertise of JCG Group to pursue mining investment opportunities.

Taking into account the principal activities of the Group and JCG Group and the relationship between them mentioned above, we consider that the 2025 CCT Agreement and the Continuing Connected Transactions contemplated thereunder adhere to the business strategy of the Company, which also represents a continuation of the long-term relationship between the Group and JCG Group and will be conducted in the ordinary and usual course of business of the Group.

LETTER FROM ALTUS

1.4 Prospects of the Group

According to the 2024 Interim Report, the average LME copper price for 1H2024 was US\$9,097 per tonne, representing a 5% increase compared to that for 1H2023 of US\$8,704 per tonne. After reaching a record high of US\$10,857 per tonne in late May 2024, the LME copper price decreased to US\$9,477 per tonne as at 30 June 2024. The Management believes that copper fundamental factors remain strong, in particular, as a critical commodity used in construction and infrastructure, copper will benefit from economic recovery. Growth in long-term copper demand will also be driven by the growth in green technologies, where copper is used in energy storage, electric vehicles (“EV”) and wind power generation etc. In respect of cobalt, the average MB cobalt price decreased by 21% from US\$15.37 per pound in 1H2023 to US\$12.22 per pound in 1H2024. The drop in cobalt price was due to growing supplies from the DRC and Indonesia and weak global demand. The Management expects that, meanwhile, in the short run, cobalt price recovery will likely be moderate as demand shows no significant uplifts amid an oversupplied market; in the long run, demand for cobalt remains strong, primarily driven by the EV industry and growth in aerospace.

The Management expects that both copper and cobalt markets will continue to be difficult to operate in the near future. The Group will continue to monitor all factors causing market fluctuation and will ensure the Group is able to respond to market changes in a timely manner. As advised by the Management, the Group’s focus in the near future is the construction of the Musonoi copper-cobalt mine in Kolwezi city, the DRC, where construction work has progressed well in 2024 and the operation is expected to commence in second half of 2025.

In addition, the Group will continue to enhance quality and efficiency while reducing its production costs to achieve better profitability.

2. Reasons for and benefits of the 2025 CCT Agreement

As stated in the paragraph headed “1.1 Principal businesses of the Group and JCG Group” above, the principal business of the Group is in the mining operations, primarily copper and cobalt production and the trading of Mineral and Metal Products. Hence, it is the Group’s ordinary and usual course of business to mine and trade the Mineral and Metal Products.

The 2025 CCT Agreement represents a continuation of the existing arrangement in respect of the trading of Mineral and Metal Products between the Group and JCG Group. As the most recent agreement, being the 2022 CCT Agreement, will expire on 31 May 2025, the Company entered into the 2025 CCT Agreement with JCG on 30 April 2025. Subject to approval by the Independent Shareholders at the EGM, the 2025 CCT Agreement would take effect from 1 June 2025 and be valid until 31 December 2027.

LETTER FROM ALTUS

The Group has been entering into framework agreements relating to the sale of Mineral and Metal Products to JCG Group for over a decade with consecutive renewals. Taking into account the long-term harmonious relationship and proven track record in business transactions between the Group and JCG Group, as well as the price payable by JCG Group are fair and reasonable and on normal commercial terms or better as further elaborated below, the Directors consider that it is beneficial to the Company and the Shareholders as a whole to continue the sale of Mineral and Metal Products to JCG Group under the 2025 CCT Agreement, if the tendering outcome is in favour of JCG Group.

Setting the Proposed Annual Caps under the 2025 CCT Agreement also provides the tool for the Management and the independent non-executive Directors to monitor the amount of Continuing Connected Transactions to be carried out between the Group and JCG Group from time to time, which is a crucial element for proper corporate governance.

Having considered the above, we believe that the 2025 CCT Agreement will continue to be conducted in the ordinary and usual course of business of the Company and its subsidiaries and are in the interests of the Company and the Shareholders as a whole.

3. Principal terms of the 2025 CCT Agreement

3.1 The 2025 CCT Agreement

The products to be sold under the 2025 CCT Agreement are Mineral and Metal Products, which are the same as those prescribed in the 2022 CCT Agreement. For details of the 2025 CCT Agreement, please refer to the “Letter from the Board” of the Circular. To assess the fairness and reasonableness of the 2025 CCT Agreement, we have considered the following.

3.1.1 Term

The 2025 CCT Agreement shall represent a continuation of the 2022 CCT Agreement and commence from 1 June 2025 to 31 December 2027.

3.1.2 Subject matter

Pursuant to the 2025 CCT Agreement:

- (i) the Company has agreed to cause the Group to sell to JCG Group, and JCG has agreed to cause JCG Group to purchase from the Group, the Mineral and Metal Products that the Group may source from third parties or produced by the mines of the Group; and
- (ii) the quantity of each type of Mineral and Metal Products to be sold to JCG Group is not fixed but is to be determined and agreed between the relevant parties from time to time.

LETTER FROM ALTUS

3.1.3 Pricing mechanism – basis of determining the selling prices of the Mineral and Metal Products

The consideration of the Mineral and Metal Products sold will be determined with reference to the prevailing market price of the Mineral and Metal Products at the time of each specific agreement to be entered pursuant to the 2025 CCT Agreement, subject to certain adjustments mainly involve the basis coefficient pricing, the moisture content, the percentage of metal content and the impurity element content in the metals. Market prices of copper, cobalt, nickel and other relevant metals refer to (i) the price of copper quoted on the LME; or (ii) the price of cobalt quoted on the MB; or (iii) the price of nickel quoted on the LME; or (iv) when the market price of other Mineral and Metal Products could not be adequately reflected through (i), (ii) and (iii) at the place of sale or the receiving market, the price shall be reasonably determined by both parties after making reference to the selling price of Mineral and Metal Products at the place of sale or the receiving market. Such price will be determined by making reference to the selling price charged by other renowned mining companies at the place of sale or receiving market, and a recognised stock index that is comparable to the LME or the MB, such as SMM Information & Technology Co., Ltd., Shanghai Futures Exchange or Chicago Mercantile Exchange. This mechanism is intended to ensure that the selling prices for the Mineral and Metal Products provided by the Group to JCG Group will be determined on normal commercial terms.

In respect of copper

We have obtained and reviewed a full list of 18 contracts entered into by the Group in respect of the sale of copper products during the term of the 2022 CCT Agreement. Amongst which, (i) one contract was related to transaction conducted between the Group and JCG Group; and (ii) 17 contracts, were related to transactions conducted between the Group and Independent Third Parties. It is noted that all of the contracts reviewed by us are mineral offtake agreements which, by its nature, can be few for each year. As such, we believe that it is an exhaustive list of contracts in relation to the trading of copper products entered into during the term of the 2022 CCT Agreement. We noted that:

- (i) it is a common practice for metal traders to adopt pricing mechanism that make reference to the prices of the relevant metal as announced by the LME after making certain adjustments according to the metal content and quality; and
- (ii) the terms and pricing mechanisms of the reviewed contract entered into between the Group and JCG Group were in line with the terms and pricing mechanisms of the transactions between the Group and Independent Third Parties.

LETTER FROM ALTUS

In respect of cobalt

We have obtained and reviewed a full list of 12 contracts entered into by the Group in respect of the sale of cobalt products during the term of the 2022 CCT Agreement. All of which, being 12 contracts in total, were related to transactions conducted between the Group and Independent Third Parties. According to the Management, the Group did not enter into any contract with JCG Group in respect of the trading of cobalt products during the term of the 2022 CCT Agreement. It is noted that all of the contracts reviewed by us are mineral offtake agreements which, by its nature, can be few for each year. As such, we believe that it is an exhaustive list of contracts in relation to the trading of cobalt products entered into during the term of the 2022 CCT Agreement. We noted that:

- (i) it is a common practice for metal traders to adopt pricing mechanism that make reference to the prices of the relevant metal as announced by the MB after making certain adjustments according to the metal content and quality; and
- (ii) the terms and pricing mechanisms of the reviewed contracts entered into between the Group and Independent Third Parties were in line with the terms and pricing mechanisms under the 2025 CCT Agreement.

Taking into account the above, we are of the view that the basis to determine the selling prices of the Mineral and Metal Products is fair and reasonable.

3.2 General transaction principles

As described in the “Letter from the Board” of the Circular, the 2025 CCT Agreement should be conducted in accordance with the following general principles:

- (i) the Mineral and Metal Products provided by the Group should be of good quality and at fair and reasonable prices;

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- (ii) the Group and JCG Group shall be entitled to enter into separate contracts for trading/sale and purchase of the Mineral and Metal Products contemplated under the 2025 CCT Agreement from time to time. Such contracts should comply with the relevant regulatory requirements in Hong Kong (including but not limited to the Listing Rules) and other applicable laws and regulations in the respective jurisdiction, and should set out, among other things, the parties of the transaction(s), the terms and conditions of the transaction(s), the relevant product(s) and the trading price(s) (as determined in accordance with the pricing mechanism under the 2025 CCT Agreement), the delivery time and the payment terms. The terms of such trading contracts should be on normal commercial terms and should be no less favourable than those available to Independent Third Parties; and
- (iii) the terms offered by the Group should be competitive in terms of the quality and trading price of the Mineral and Metal Products. Priority should only be given to the Group by JCG Group if the quality and trading price of the Mineral and Metal Products provided by the Group to JCG Group are no less favourable than those available from Independent Third Parties.

We note that such general transaction principles are the same as those under the 2022 CCT Agreement.

3.3 Section summary

Taking into account the above and the arrangement between the Group and JCG Group under the 2025 CCT Agreement is non-exclusive and there should be no bias or preference for the Group to deal with JCG Group, we are of the view that the terms of the 2025 CCT Agreement are fair and reasonable.

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4. Proposed Annual Caps

4.1 Historical annual caps and trading amounts

The following table sets out (i) the historical annual caps approved for the 2022 CCT Agreement; and (ii) the historical trading amounts of Mineral and Metal Products between the Group and JCG Group for the periods indicated below respectively.

	Year ended 31 December 2022 (US\$)	Year ended 31 December 2023 (US\$)	Year ended 31 December 2024 (US\$)	One month ended 31 January 2025 (US\$)
Historical annual caps under the 2022 CCT Agreement	464 million	450 million	450 million	187 million (for the five months ending 31 May 2025)
Historical trading amounts under the 2022 CCT Agreement	34.88 million	Nil	Nil	Nil
Utilisation rate	7.5%	N/A	N/A	N/A

As shown in the above table, the utilisation rate of historical annual cap was approximately 7.5% for the year ended 31 December 2022. There were no transactions recorded between the Group and the JCG Group under the 2022 CCT Agreement for the years ended 31 December 2023 and 2024 and the one month ended 31 January 2025 respectively.

According to our discussions with the Management, the low utilisation rate of historical annual cap for the year ended 31 December 2022, and the absence of any transactions with the JCG Group thereafter during the remaining term of the 2022 CCT Agreement (up to date), was due to the fact that the production capacity of the Group's existing mines were being sold to Independent Third Party buyers under various contracts. In respect of Ruashi Mine, the Management advised that its production capacity had been sold to Independent Third Party buyers since September 2022; while for Kinsenda Mine, its production capacity had been sold to Independent Third Party buyers since July 2022. Given the above, the Group was unable to allocate any of its copper and cobalt products to JCG Group, resulting in the low utilisation of historical annual caps during the term of the 2022 CCT Agreement.

Going forward, as the Musonoi Mine is expected to commence operations in second half of 2025, its products are expected to be available for sale to, amongst others, the JCG Group during the term of the 2025 CCT Agreement. The Proposed Annual Caps have therefore considered this aspect, as elaborated further below.

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4.2 *Proposed Annual Caps*

The following table sets out the Proposed Annual Caps.

	Seven months ending 31 December 2025 (US\$)	Year ending 31 December 2026 (US\$)	Year ending 31 December 2027 (US\$)
Proposed Annual Caps	149 million	496 million	616 million

In determining the above Proposed Annual Caps, we understand from the Management that the Company has taken into consideration (i) the acute fluctuation of the price and demand for copper and cobalt; (ii) the possible sale of up to 50% of copper and cobalt produced by each of the Group’s mines in the DRC (as further elaborated below), subject to tendering and bidding exercise outcome; and (iii) the inclusion of 25% of the buffer representing approximately 3 months of the sales value of the Mineral and Metal Products for the Proposed Annual Caps.

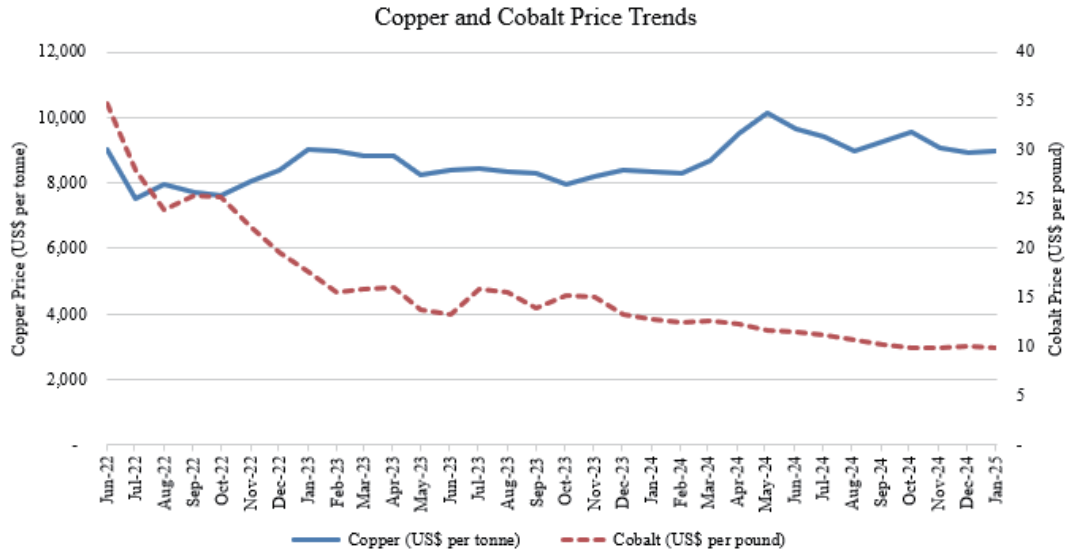
We understand from the Management that (i) for Kinsenda Mine in the DRC, its copper concentrate to be produced in 2025 and 2026 has already been sold to Independent Third Party buyers pursuant to existing contracts; (ii) for Ruashi Mine in the DRC, its copper cathode, cobalt hydroxide and copper sulphide concentrate to be produced in 2025 have already been sold to Independent Third Party buyers pursuant to existing contracts; and (iii) for Musonoi Mine in the DRC, the operation is expected to commence in second half of 2025, making its copper and cobalt production available for sale to, amongst others, the JCG Group during the term of the 2025 CCT Agreement. As a result, (i) the Proposed Annual Cap for the seven months ending 31 December 2025 has only taken into account the estimated production from Musonoi Mine; (ii) the Proposed Annual Cap for the year ending 31 December 2026 has taken into account the estimated production from Ruashi Mine and Musonoi Mine; and (iii) the Proposed Annual Cap for the year ending 31 December 2027 has taken into account the estimated production from Ruashi Mine, Kinsenda Mine and Musonoi Mine.

To consider whether the Proposed Annual Caps for the 2025 CCT Agreement are fair and reasonable, we have taken into account the following factors. In particular, as the Group mainly derives its revenue from the sale of copper and cobalt as shown in the paragraph headed “1.2 Operating results of the Group” above, we have principally considered copper and cobalt and their historical prices as well as production output in analysing the components constituting the Proposed Annual Caps for the 2025 CCT Agreement.

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4.2.1 The historical copper and cobalt prices

Set out below is the chart showing the monthly average copper and cobalt prices between June 2022 (the beginning period of the 2022 CCT Agreement) to January 2025 for the purpose of illustrating copper and cobalt historical price trends.



Source: LME and MB

As shown in the above chart, copper price remained generally stable with a moderate upward trend being observed. In 2024, the average benchmark LME copper price was approximately US\$9,145 per tonne, representing an increase of approximately 7.8% from approximately US\$8,483 per tonne in 2023. In contrast, cobalt price decreased drastically from a high of US\$35 per pound in June 2022 to US\$10 per pound by the end of 2024 and early 2025. The average benchmark MB cobalt prices in 2023 and 2024 were approximately US\$15 per pound and US\$11 per pound respectively. We understand that in deriving the Proposed Annual Caps, the Management has referenced the average monthly prices of copper and cobalt between January 2024 and December 2024, and adopted US\$9,000 per tonne and US\$11 per pound for copper and cobalt respectively.

Given the observed trend above, we consider it fair and reasonable to derive the Proposed Annual Caps by referencing the average market prices of copper and cobalt from the latest year.

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4.2.2 The historical and estimated output from Ruashi Mine, Kinsenda Mine and Musonoi Mine

Set out below is the table of (i) copper and cobalt output from Ruashi Mine and Kinsenda Mine over the past three years ended 31 December 2024; and (ii) the estimated output levels of Ruashi Mine, Kinsenda Mine and Musonoi Mine in deriving the Proposed Annual Caps.

	For the year ended 31 December			For the seven months ending 31 December	For the year ending 31 December	For the year ending 31 December
	2022	2023	2024	2025	2026	2027
	tonnes	tonnes	tonnes	tonnes	tonnes	tonnes
	(Actual)	(Actual)	(Actual)	(Estimate)	(Estimate)	(Estimate)
Ruashi Mine						
Copper output	30,353	31,787	33,289	N/A ^(note)	30,000	30,000
Cobalt output	3,961	2,207	855	N/A ^(note)	1,200	1,000
Kinsenda Mine						
Copper output	29,087	30,219	30,498	N/A ^(note)	N/A ^(note)	29,000
Musonoi Mine						
Copper output	–	–	–	20,000	40,000	40,000
Cobalt output	–	–	–	4,400	10,000	10,000

Note: The output level will not be available for sale to the JCG Group as discussed in the paragraph headed “4.2 Proposed Annual Caps” above.

In respect of Ruashi Mine, we note that the production output of copper remained relatively stable between 2022 and 2024, ranging from around 30,000 tonnes to 33,000 tonnes. In this regard, we have cross-checked the output levels in 2022 and 2023 with those disclosed in the 2023 Annual Report and found them to be consistent. For the output level in 2024, we note that the Company has published an operational update for the year ended 31 December 2024 on 28 February 2025 (the “**2024 Operational Update Announcement**”), which has disclosed, among other things, the Group’s total production volume of copper and cobalt in 2024 respectively. We note that the aggregate production output of copper from Ruashi Mine and Kinsenda Mine is consistent with that as disclosed in the 2024 Operational Update Announcement. The estimated output levels of 30,000 tonnes in 2026 and 2027 respectively approximate the actual output levels. For cobalt output, we note that it is on a decreasing trend from approximately 3,961 tonnes in 2022 to approximately 2,207 tonnes and 855 tonnes in 2023 and 2024 respectively, mainly due to no foreign ore with high cobalt content were purchased for ore blending purpose, resulted in a decline in ore grade and cobalt recovery rates. In addition, in view of the continuous decline in cobalt market prices, Ruashi Mine had adjusted its production plan to reduce the cobalt output accordingly. In this regard, we have cross-checked the output levels in 2022 and 2023 with those disclosed in the 2023 Annual Report and found them to be consistent. For the output

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level in 2024, we have also cross-checked with the 2024 Operational Update Announcement and found them to be consistent. Having considered the above, the Management prudently assumes cobalt output levels of 1,200 tonnes and 1,000 tonnes in 2026 and 2027 respectively, which approximate the low end of the aforementioned actual output levels.

In respect of Kinsenda Mine, the production output of copper had remained steady between 2022 and 2024, ranging from around 29,000 tonnes to 30,000 tonnes. In this regard, we have cross-checked the output levels in 2022 and 2023 with those disclosed in the 2023 Annual Report and found them to be consistent. For the output level in 2024, we note that the aggregate production output of copper from Ruashi Mine and Kinsenda Mine is consistent with that as disclosed in the 2024 Operational Update Announcement as abovementioned. The estimated output level of 29,000 tonnes in 2027 approximates the actual output levels.

In respect of Musonoi Mine, it is estimated that the annual output levels of copper and cobalt will be around 40,000 tonnes and 10,000 tonnes respectively. We understand from the Management that such estimated levels are based on the feasibility study conducted by an external expert regarding, amongst others, the available resources and reserves at Musonoi Mine. In this respect, we have obtained the aforementioned feasibility study from the Management and noted that the estimated annual output levels are consistent with those in the feasibility study. We further understand that the estimated output levels for the seven months ending 31 December 2025 are derived on a pro-rata basis, assuming Musonoi Mine will commence production in second half of 2025.

Having considered the above, we are of the view that the estimated output levels from Ruashi Mine, Kinsenda Mine and Musonoi Mine in deriving the Proposed Annual Caps, which have taken into account the historical trends of actual output levels (in the case of Ruashi Mine and Kinsenda Mine) or in accordance to the feasibility study (in the case of Musonoi Mine), is fair and reasonable.

4.2.3 Possible sale of up to 50% of estimated output level

In arriving at the Proposed Annual Caps, the Management has taken into account a possible sale of up to 50% of the estimated output level of copper and cobalt. As advised by the Management, it is the Group's practice, during the tender invitation stage, to allocate a maximum of 50% of the copper and cobalt output level to a single customer (where the final quantity to be awarded will be subject to tendering and negotiation process), as part of the Group's efforts in avoiding customer concentration risk. In this regard, we have obtained and reviewed a full list of tender invitation documents issued by the Group during the term of the 2022 CCT Agreement and noted

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the same. Considering the possible allocation of up to 50% of estimated output level is in line with the Group's practice, we consider that it is fair and reasonable for the Group to take into account such factor in deriving the Proposed Annual Caps.

4.2.4 Buffer

According to the Management, the reasons for inclusion of the 25% buffer are as follows:

- (1) the Company would need approximately three months to finalise the process of obtaining the Independent Shareholders' approval to revise the annual caps for the Continuing Connected Transaction; and
- (2) normally it would need one to one and a half month to arrange transportation before making actual delivery of products and realising sales value, also it needs approximately 20-25 days for management team to access actual sales value after delivery of products and realising of sales revenue.

We have discussed the operation flow chart with the Management, and understand that it requires four to six weeks to arrange transportation before making actual delivery of products and realising sales value, and another 20-25 days for the management team to access actual sales value after delivery of products and realising of sales revenue. In summary, there is about six to ten weeks of time gap before the Management could have access to reliable information on the actual sales value after delivery of products and the amount to be recognised as sales revenue. In view of the above, we are of the view that it is reasonable for the Management to include a buffer to cater for the time required to gather the necessary information and, in the event necessary, to seek the Independent Shareholders' approval to revise the annual caps for the Continuing Connected Transaction.

As such, we are of the view that the inclusion of a 25% buffer to the Proposed Annual Caps is fair and reasonable.

4.2.5 Section summary

Taking into account the above, we are of the view that the Proposed Annual Caps, which is derived by multiplying the forecasted cobalt and copper prices (with reference to historical trend) with 50% of estimated copper and cobalt output levels (with reference to actual output levels or feasibility study, where applicable) and the additional 25% buffer, as fair and reasonable.

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5. Internal control measures

The abovementioned basis of determining the trading/selling prices of the Mineral and Metal Products under the 2025 CCT Agreement and the Proposed Annual Caps is intended to ensure that the selling prices for the Mineral and Metal Products to be provided by the Group to JCG Group will be determined on normal commercial terms.

It is noted that the Company has established internal control measures to standardise and stipulate the pricing policies and mechanism, the assignment of responsibility and decision making authority to ensure the Continuing Connected Transactions will be conducted in accordance with the terms of the 2025 CCT Agreement, and that the pricing policies will be strictly complied with. Details of which are set out in the paragraph headed “9. Internal controls” in the “Letter from the Board” of the Circular.

According to the Management, the implementation of the 2025 CCT Agreement and the relevant pricing terms in accordance with the general transaction principles therein, including the relevant adjustments to metal product prices, the relevant costs and expenses as well as the actual quantity and the amount of the Mineral and Metal Products, will be monitored and reviewed by the Board and the senior management on a regular basis, with reference to terms of similar transactions which apply the relevant pricing principles.

The pricing terms will also be reviewed by the senior management prior to the execution of any transaction document(s) under the 2025 CCT Agreement to ensure the relevant general transaction principles are being complied with on arm’s length basis and the trading terms are no less favourable than those with independent third parties. Furthermore, according to the Management, the Company will evaluate the Continuing Connected Transactions on a yearly basis.

We have reviewed the internal control manual adopted by the Management, detailing the guidance and policies for conducting the transactions contemplated under the 2025 CCT Agreement going forward. As discussed in the paragraph headed “3. Principal terms of the 2025 CCT Agreement” above, we have also obtained and reviewed all contracts entered into by the Group in respect of the sale of copper and cobalt products during the term of the 2022 CCT Agreement. From our review, we note that the terms and pricing mechanisms of the contract entered into between the Group and JCG Group were in line with the terms and pricing mechanisms of the transactions between the Group and Independent Third Parties; we also note that the contracts entered into by the Group were conducted in accordance with the general transaction principles. With reference to the above, we note that the internal control procedures of the Group are in place and the Management believes, and we concur that the internal control measures of the Group are sufficient for the purpose of monitoring the transactions contemplated under the 2025 CCT Agreement and the Proposed Annual Caps going forward.

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Given the above, we consider that there exist appropriate procedures and arrangements to ensure that the transactions contemplated under the 2025 CCT Agreement will continue to be conducted on terms that are fair and reasonable and are in the interests of the Company and the Shareholders as a whole; and on normal commercial terms and in the ordinary and usual course of business of the Group.

RECOMMENDATION

In view of the above principal factors and reasons, we are of the view that (i) the terms of the 2025 CCT Agreement are on normal commercial terms and are fair and reasonable; (ii) the 2025 CCT Agreement and the transactions contemplated thereunder will be conducted in the ordinary and usual course of business of the Company and its subsidiaries and are in the interests of the Company and the Shareholders as a whole; and (iii) the Proposed Annual Caps are fair and reasonable.

Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favor of the resolution to be proposed at the EGM to approve the 2025 CCT Agreement and the transactions contemplated thereunder (including the Proposed Annual Caps).

Yours faithfully,
For and on behalf of
Altus Capital Limited

Jeanny Leung
Responsible Officer

*Ms. Jeanny Leung (“**Ms. Leung**”) is a Responsible Officer of Altus Capital Limited licensed to carry on Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”) and permitted to undertake work as a sponsor. She is also a Responsible Officer of Altus Investments Limited licensed to carry on Type 1 (dealing in securities) regulated activity under the SFO. Ms. Leung has over 30 years of experience in corporate finance advisory and commercial field in Greater China, in particular, she has participated in sponsorship work for initial public offerings and acted as financial adviser or independent financial adviser in various corporate finance transactions.*

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

2. SHARE CAPITAL

Number of Shares	Nominal value HK\$
<i>Authorised</i>	
<u>20,000,000,000</u> Shares	<u>200,000,000.00</u>
<i>Issued, to be issued and fully paid</i>	
13,132,082,051 Shares in issue as at the Latest Practicable Date	131,320,820.51
690,000,000 Shares to be issued as conversion shares upon full conversion of the perpetual subordinated convertible securities (<i>Note 1</i>)	6,900,000.00
<u>13,822,082,051</u>	<u>138,220,820.51</u>

Note 1: The perpetual subordinated convertible securities (“PSCS”) were issued by the Company to Jinchuan (BVI) Limited, the nominee of Jintai Mining Investment Limited, pursuant to the sale and purchase agreement dated 27 August 2013 entered into by, among others, the aforesaid parties for the acquisition of the entire issued share capital of Jin Rui Mining Investment Limited. A total of 7,776,120,000 new Shares was issued by the Company upon conversion of the PSCS in the amount of US\$996,938,461 on 6 June 2018 (please refer to the announcement published by the Company on 6 June 2018 for details). Upon full conversion of the remaining PSCS in the amount of US\$8,846,539 and based on the initial conversion price of HK\$1.00, the Company shall allot and issue 690,000,000 new Shares credited as fully paid, subject to terms of the PSCS, details of which are set out in the circular of the Company dated 30 August 2013.

3. DISCLOSURE OF INTERESTS

(a) Directors' interests and short positions in the securities of the Company and its associated corporations

As at the Latest Practicable Date, none of the Directors and the chief executives of the Company had any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which are required: (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have under such provisions of the SFO); (b) pursuant to Section 352 of the SFO, to be entered into the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules.

(b) Persons who have an interest or short position which is discloseable under Divisions 2 and 3 of Part XV of the SFO and substantial shareholders

So far as is known to the Directors and the chief executive of the Company, as at the Latest Practicable Date, the following persons had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company (being 5% or more of the Company's issued share capital) under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register of substantial shareholders maintained under section 336 of the SFO. These interests are in addition to those disclosed above in respect of the Directors and the chief executive of the Company.

Name of shareholder	Notes	Capacity/Nature of interest	Number of Shares interested (Note 1)	Number of Shares which may be converted from PSCS (Note 1)	Percentage of the total number of Shares in issue (%) (Note 3)
Jinchuan Group Co., Ltd.*	(2) & (4)	Interest of controlled corporation	7,593,009,857(L)	690,000,000(L)	63.07%
Jinchuan Group (Hongkong) Resources Holdings Limited	(2) & (4)	Interest of controlled corporation	7,593,009,857(L)	690,000,000(L)	63.07%
Jinchuan (BVI) Limited	(2) & (4)	Interest of controlled corporation/Beneficial owner	7,593,009,857(L)	690,000,000(L)	63.07%
Jinchuan (BVI) 1 Limited	(2)	Beneficial owner	1,888,449,377(L)	–	14.38%
Jinchuan (BVI) 2 Limited	(2)	Beneficial owner	583,518,372(L)	–	4.44%
Jinchuan (BVI) 3 Limited	(2)	Beneficial owner	534,922,108(L)	–	4.07%
Gansu Province Economy Cooperation Co., Ltd.*		Beneficial owner	1,090,000,000(L)	–	8.30%
Gansu Province Xinye Asset Management Co. Ltd.*		Beneficial owner	1,110,000,000(L)	–	8.45%

Notes:

1. The letter “L” denotes the long position in such Shares and the letter “S” denotes the short position in such Shares.
2. Jinchuan Group Co., Ltd* directly owned 100% of the issued share capital of Jinchuan Group (Hongkong) Resources Holdings Limited which in turn owned 100% of the issued share capital of Jinchuan (BVI) Limited which owned 100% of the issued share capital of each of Jinchuan (BVI) 1 Limited, Jinchuan (BVI) 2 Limited and Jinchuan (BVI) 3 Limited. Therefore, Jinchuan Group Co., Ltd*, Jinchuan Group (Hongkong) Resources Holdings Limited and Jinchuan (BVI) Limited were deemed to be interested in the 1,888,449,377 shares, 583,518,372 shares and 534,922,108 shares of the Company held by Jinchuan (BVI) 1 Limited, Jinchuan (BVI) 2 Limited and Jinchuan (BVI) 3 Limited respectively under the SFO.
3. The calculation is based on the total number of issued shares of the Company (i.e. 13,132,082,051 Shares) as at the Latest Practicable Date.
4. Jinchuan (BVI) Limited directly held 4,586,120,000 Shares and PSCS in the amount of US\$88,461,539 (equivalent to approximately HK\$690,000,000) which may be converted into 690,000,000 shares of the Company at an initial conversion price of HK\$1.00 per share. Based on the relations set out in note 2 above, Jinchuan Group Co., Ltd* and Jinchuan Group (Hongkong) Resources Holdings Limited were deemed to be interested in the 4,586,120,000 shares of the Company and 690,000,000 underlying shares which may be converted from PSCS of the Company held by Jinchuan (BVI) Limited under the SFO.
5. Save as disclosed below, as at the Latest Practicable Date, none of the Directors is a director or employee of a company which had interests or short positions in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 Part XV of the SFO.

Name of Director	Posts held in JCG
Mr. Cheng Yonghong	International Business Director

Name of Director	Posts held in JCHK
Mr. Cheng Yonghong	Director
Mr. Gao Tianpeng	Director

Name of Director	Posts held in Jinchuan (BVI) Limited, Jinchuan (BVI) 1 Limited, Jinchuan (BVI) 2 Limited and Jinchuan (BVI) 3 Limited
Mr. Cheng Yonghong	Director
Mr. Gao Tianpeng	Director

Name of Director	Posts held in Gansu Province Xinye Asset Management Co. Ltd.
Mr. Wang Qiangzhong	Chairman

* *For identification purposes only*

Save as disclosed above, as at the Latest Practicable Date, the Directors and the chief executive of the Company were not aware of any person who had any interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors has any existing service contract or proposed service contract with any member of the Company and its subsidiaries which will not expire or be determinable by the Company or its subsidiaries (as the case may be) within one year without payment of compensation (other than statutory compensation).

5. QUALIFICATION AND CONSENT OF EXPERT

(a) Qualification of expert

The following are the qualifications of the expert who has given opinions or advice which are contained in this circular:

Name	Qualification
Altus Capital Limited	a corporation licensed to carry out Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO

(b) Consent of expert

As at the Latest Practicable Date, Altus has given and has not withdrawn consent to the issue of this circular with the inclusion therein of its letter and references to its name in the form and context in which it appears.

(c) Interests of expert

As at the Latest Practicable Date, Altus was not directly or indirectly interested in any securities of any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for any securities in any member of the Group nor did it have any direct or indirect interest in any assets which had been, since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up), acquired or disposed of by, or leased to, any member of the Group.

6. LITIGATION

As at the Latest Practicable Date, no member of the Group were engaged in any litigation, arbitration or claim of material importance and there is no litigation, arbitration or claim of material importance known to the Directors to be pending or threatened against any member of the Group.

7. MATERIAL ADVERSE CHANGE

Reference is made to the announcements of the Company dated 28 March 2025 and 16 April 2025 in relation to, among other things, the delay in publication of annual results for the year ended 31 December 2024, postponement of the Board Meeting and suspension of trading.

Trading in the shares of the Company on the Stock Exchange has been suspended with effect from 9:00 a.m. on Friday, 28 March 2025 and will remain suspended until further notice.

Save as disclosed, the Directors are not aware of any material adverse change in the financial position or trading position of the Company and its subsidiaries since 31 December 2023 (being the date to which the latest published audited financial statements of the Group were made up) and the unaudited interim results as at 30 June 2024 and up to the Latest Practicable Date.

8. COMPETING INTERESTS

As at the Latest Practicable Date, the following Directors were considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Company and its subsidiaries pursuant to the Listing Rules.

Mr. Cheng Yonghong held position as senior management in JCG which principally engages in businesses of production of nickel, copper, cobalt, platinum group metals, nonferrous metal plates, chemical products and chemicals of nonferrous metals. He also held directorship and position as senior management in JCHK, which indirectly holds 57.82% issued share capital of the Company, and is principally engaged in investment holding and trading of mineral and metal products.

Mr. Gao Tianpeng held directorship and position as senior management in JCHK, which indirectly holds 57.82% issued share capital of the Company, and is principally engaged in investment holding and trading of mineral and metal products.

9. INTEREST IN ASSETS ACQUIRED

As at the Latest Practicable Date, the Directors did not have any interest, direct or indirect, in any assets which have been, since 31 December 2023 (the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, there is no contract or arrangement in which a Director is materially interested and which is significant in relation to the business of the Group.

10. MISCELLANEOUS

- (i) The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.
- (ii) The head office and principal place of business in Hong Kong of the Company is located at 15/F, Tower 2, Admiralty Centre, 18 Harcourt Road, Admiralty, Hong Kong.
- (iii) The branch share registrar of the Company in Hong Kong is Boardroom Share Registrars (HK) Limited at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong.
- (iv) The company secretary of the Company is Mr. Wong Tak Chuen.

11. DOCUMENTS ON DISPLAY

Copies of the following documents are available on the Stock Exchange's website and the Company's own website for a period of 14 days from the date of this circular:

- (a) the 2025 CCT Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out in this circular;
- (c) the written consent referred to in the section headed "5. QUALIFICATION AND CONSENT OF EXPERT" in this appendix; and
- (d) the letter from Altus, the text of which is set out in this circular.

NOTICE OF EGM



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)

NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of the shareholders of Jinchuan Group International Resources Co. Ltd (the “**Company**”) will be held at United Conference Centre, 10/F, United Centre, 95 Queensway, Hong Kong at 3:30 p.m. (or immediately after the conclusion of the annual general meeting of the Company which is scheduled to be held on the same day at 3:00 p.m.) on Wednesday, 28 May 2025 for the purpose of considering, and if thought fit, passing the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

(1) “**THAT:**

the agreement dated 30 April 2025 (the “**2025 CCT Agreement**”) entered into between the Company (as vendor) and 金川集團股份有限公司 (Jinchuan Group Co., Ltd.*) (“**JCG**”) (as purchaser), a company incorporated in the People’s Republic of China and the controlling shareholder of the Company, regarding the trading of the Mineral and Metal Products (as defined in the circular of the Company dated 6 May 2025) between the Company and its subsidiaries and associates controlled by the Company from time to time (collectively the “**Group**”) and JCG and its subsidiaries and associates controlled by JCG (for the purpose of this resolution, excluding the Group) from time to time until 31 December 2027, and the continuing connected transactions contemplated under the 2025 CCT Agreement be and are hereby approved, and any one director of the Company be and is hereby authorised to take such actions and execute such documents as he may consider necessary or desirable to carry out and complete the transactions contemplated under the 2025 CCT Agreement and the Proposed Annual Caps (as defined in the circular of the Company dated 6 May 2025) for the continuing connected transactions contemplated under the 2025 CCT Agreement (for each of the following financial years: (1) the period commencing on 1 June 2025 and ending on 31 December 2025; (2) the financial year ending 31 December 2026; and (3) the financial year ending 31 December 2027, being approximately US\$149 million, US\$496 million and US\$616 million, respectively) be and are hereby approved.”

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

* For identification purpose only

Hong Kong, 6 May 2025

NOTICE OF EGM

Notes:

1. A member entitled to attend and vote at the EGM is entitled to appoint more than one proxy to attend and, on poll, vote on his behalf. A proxy need not be a member of the Company.

2. Closure of Register of Members for the EGM

The register of members of the Company will be closed from Thursday, 22 May 2025 to Wednesday, 28 May 2025 (both days inclusive) for the purpose of determining the entitlement of the shareholders of the Company to attend and vote at the EGM. No transfer of shares may be registered during the said period. In order to qualify to attend and vote at the EGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Branch Share Registrar, Boardroom Share Registrars (HK) Limited, at 2103B, 21/F, 148 Electric Road, North Point, Hong Kong no later than 4:30 p.m. on Wednesday, 21 May 2025.

3. A form of proxy for use at the EGM is enclosed. Whether or not you intend to attend the EGM in person, you are urged to complete and return the form of proxy in accordance with the instructions printed thereon as soon as possible. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjourned EGM thereof if you so wish. In the event that you attend the EGM after having returned the completed form of proxy, your form of proxy will be deemed to have been revoked.
4. To be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy of such power of attorney, must be deposited at Boardroom Share Registrars (HK) Limited at 2103B, 21/F., 148 Electric Road, North Point, Hong Kong, not less than 48 hours before the time appointed for holding the EGM (i.e. before 3:30 p.m. on Monday, 26 May 2025) or any adjournment thereof.
5. In the case of joint registered holders of any shares of the Company, any one of such joint registered holders may vote at the EGM, either in person or by proxy, in respect of such shares as if he/she/it were solely entitled thereto; but if more than one of such joint registered holders are present at the EGM, either in person or by proxy, the vote of that one of them so present, either in person or by proxy, whose name stands first on the register of members in respect of such shares shall be accepted to the exclusion of the votes of the other joint registered holder(s).
6. Time and dates in this notice are Hong Kong time and dates.

As at the date of this notice, the Board comprises two executive Directors, namely Mr. Cheng Yonghong and Mr. Gao Tianpeng; one non-executive Director, namely 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.