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JINCHUAN 金川

JINCHUAN GROUP INTERNATIONAL RESOURCES CO. LTD

金川集團國際資源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2362)

PROFIT WARNING

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board would like to inform the shareholders of the Company and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group and the current available information to the Board, the Group is expected to record a loss attributable to the shareholders of the Company in 2018 2H. The overall financial results of the Group for its financial year ended 31 December 2018 will only be ascertained when all the relevant results and accounting treatments are finalized. The Company will make further announcement if there is further information in relation to the finalization of financial results of which are material is available.

This announcement is made by Jinchuan Group International Resources Co. Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board of directors (the “**Board**”) of the Company would like to inform the shareholders of the Company and potential investors that, based on the preliminary review of the unaudited consolidated management accounts of the Group and the current available information to the Board, the Group is expected to record a loss attributable to shareholders of the Company in the second half of the financial year ended 31 December 2018 (“**2018 2H**”) as compared to the profit attributable to shareholders of the Company of approximately US\$61,022,000 in the first half of the financial year ended 31 December 2018 (“**2018 1H**”). The turnaround is largely attributable to the softer second half trading conditions and the factors below:

1. Materially lower prices for copper and cobalt in 2018 2H as compared to 2018 1H with market copper and cobalt prices falling by approximately 11% and 18% respectively from 2018 1H to 2018 2H;
2. A decrease in cobalt quantity sold by approximately 70% in 2018 2H as compared to 2018 1H due to slower than expected demand from customers and electric vehicle market in China. Approximately 1,400 tonnes of cobalt hydroxide inventory was recorded

as at 31 December 2018 with a net realization value of approximately US\$30 million under the current market terms;

3. Higher interest costs in 2018 2H as compared to 2018 1H due to the increase in LIBOR by approximately 100 basis points during 2018; and
4. The significant increase in royalty rate on copper and cobalt from 2% to 3.5% in The Democratic Republic of Congo since June 2018.

The information contained in this announcement is based only on the preliminary assessment by the Board upon its review of the unaudited consolidated management accounts of the Group and the current available information to the Board which have not been audited nor reviewed by the Company's independent auditor.

The overall financial results of the Group for the financial year ended 31 December 2018 will only be ascertained when all the relevant results and accounting treatments are finalized. Since the Group's financial performance will also be affected by other factors such as professional valuation on the Group's assets and liabilities which possibly result in additional impairment loss (or gain) and/or provision to be recorded, the Company will make further announcement if there is further information in relation to the finalization of financial results of which are material is available. Shareholders of the Company and potential investors are also advised to refer to the details of the Company's annual results announcement for the financial year ended 31 December 2018 which will be announced before the end of March 2019.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 1 February 2019

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