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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)

**INSIDE INFORMATION
VOLUNTARY LIQUIDATION OF A SUBSIDIARY**

The Board wishes to announce that on 24 March 2020, written resolutions were passed by all shareholders of Shanghai Jinchuan Junhe, to voluntarily liquidate Shanghai Jinchuan Junhe. Shanghai Jinchuan Junhe is an indirect non wholly-owned subsidiary of the Company.

The Board does not expect that the liquidation of Shanghai Jinchuan Junhe will have any material adverse financial effect on the Group.

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

This announcement is made by the Company in accordance with Rule 13.09 of the Listing Rules and 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).

VOLUNTARY LIQUIDATION OF SHANGHAI JINCHUAN JUNHE

The Board wishes to announce that on 24 March 2020, written resolutions were passed by all shareholders of Shanghai Jinchuan Junhe, to voluntarily liquidate Shanghai Jinchuan Junhe. Shanghai Jinchuan Junhe is an indirect non wholly-owned subsidiary of the Company.

INFORMATION OF SHANGHAI JINCHUAN JUNHE

Shanghai Jinchuan Junhe is a company established in Shanghai, the PRC on 15 December 2017 with limited liability, with a registered capital of RMB500,000,000 (approximately US\$71,428,000) and a paid up capital of RMB257,552,155 (approximately US\$36,793,000). Shanghai Jinchuan Junhe is principally engaged in metals and commodities trading. As at the date of this announcement, 60% equity interest in Shanghai Jinchuan Junhe is owned by GHL and the remaining 40% equity interest in Shanghai Jinchuan Junhe is owned by Junhe Holdings. Shanghai Jinchuan Junhe is a non wholly-owned subsidiary of the Company and its financial results have been consolidated into the financial statements of the Group.

Set out below is a summary of the key financial data of Shanghai Jinchuan Junhe for the financial year ended 31 December 2019:

	For the year ended 31 December 2019 (unaudited) <i>RMB'000</i>
Revenue	5,403,776
Profit before tax	18,372
Profit after tax	<u>13,732</u>

Based on the unaudited management accounts, the unaudited net asset value of Shanghai Jinchuan Junhe as at 31 December 2019 was approximately RMB272 million.

As the total revenue of Shanghai Jinchuan Junhe represents more than 5% of total revenue as shown in the latest audited consolidated financial statements of the Group, Shanghai Jinchuan Junhe is considered a subsidiary of the Company under Rule 13.25(2) of the Listing Rules.

REASONS FOR THE VOLUNTARY LIQUIDATION OF SHANGHAI JINCHUAN JUNHE

The Company is an investment holding company. The Group is principally engaged in (i) the mining of metals, primarily copper and cobalt, in the DRC and in Zambia; and (ii) the trading of mineral and metal products in the PRC and Hong Kong.

As disclosed in the 7 September 2018 Announcement, with respect to the actual investment amount contributed by GHL in Shanghai Jinchuan Junhe, Junhe Holdings had guaranteed to provide a return of at least 8% per annum on such investment amount (“**GHL’s Investment Return**”) to GHL.

Up to 31 December 2019, the operation results of Shanghai Jinchuan Junhe managed to cover the GHL’s Investment Return, but the overall operation, performance and growth prospect of Shanghai Jinchuan Junhe had not been as promising as originally planned, in particular under the current challenging market conditions impacted by, among others, the spread of coronavirus. After negotiation concerning the way forward, the JV Shareholders agreed unanimously to liquidate Shanghai Jinchuan Junhe by way of shareholders’ voluntary liquidation.

The Group will continue to actively explore viable alternatives with a view to expanding its trading of mineral and metal products segment, including with limitation, to explore co-operation opportunities with external parties and to promote trade business through GHL, which is an indirect wholly-owned subsidiary of the Company, or such other entities as the Company may consider appropriate.

The Board believes that it is in the best interests of the Company and the Shareholders as a whole to voluntarily liquidate Shanghai Jinchuan Junhe. This is a move which could help reduce operation risk under the current volatile market conditions, as well as to enable it to allocate more resources and management efforts on its other businesses to support the sustainable growth of the Company. The Board further confirms that the business of the Company is in operation as usual.

FINANCIAL EFFECT OF THE VOLUNTARY LIQUIDATION ON THE GROUP

The Board does not expect that the liquidation of Shanghai Jinchuan Junhe will have any material adverse financial effect on the Group.

After liquidation, Shanghai Jinchuan Junhe will cease to be a subsidiary of the Company.

Upon completion of the liquidation process, it is expected that the Group can recoup the amount of capital contributed to Shanghai Jinchuan Junhe (or a substantial portion thereof) which will be used to supplement the working capital of the Group.

Further announcement(s) will be made by the Company as and when appropriate if there is any material progress regarding the liquidation of Shanghai Jinchuan Junhe.

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

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“7 September 2018 Announcement”	the announcement published by the Company on 7 September 2018 entitled “Further Announcement regarding Shanghai Jinchuan Junhe Economic Development Co., Ltd.”
“Board”	the board of Directors
“Company”	Jinchuan Group International Resources Co. Ltd, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2362)
“Director(s)”	the director(s) of the Company
“GHL”	Golden Harbour International Trading Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
“GHL’s Investment Return”	the investment return set forth in the section headed “Reasons for the Voluntary Liquidation of Shanghai Jinchuan Junhe” of this announcement and in the 7 September 2018 Announcement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Junhe Group”	Shanghai Junhe Group Co., Ltd., a company established in the PRC and the holding company of Junhe Holdings
“Junhe Holdings”	Junhe Holdings Limited, a company established in the PRC and a subsidiary of Junhe Group
“JV Shareholder(s)”	the shareholder(s) of Shanghai Jinchuan Junhe, namely, GHL and/or Junhe Holdings

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	The People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shanghai Jinchuan Junhe”	上海金川均和經濟發展有限公司 (Shanghai Jinchuan Junhe Economic Development Co., Ltd.*), a limited liability company established under the laws of the PRC. Shanghai Jinchuan Junhe is a non wholly-owned subsidiary of the Company
“Shareholder(s)”	holder(s) of the Share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“US\$”	United States dollars, the lawful currency of the United States
“%”	per cent

* For identification purpose only

For the purpose of this announcement, unless otherwise indicated, amounts denominated in RMB have been converted, for the purpose of illustration only, into United States dollars at the exchange rate of RMB7 = US\$1. The exchange rate does not constitute a representation that any amount has been, could have been or may be exchanged at such a rate or at any other rates.

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

Hong Kong, 24 March 2020

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. Zhang Youda, Mr. Liu Jian and Mr. Wang Qiangzhong; and three independent non-executive directors, namely Mr. Wu Chi Keung, Mr. Yen Yuen Ho, Tony and Mr. Poon Chiu Kwok.