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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 latest unaudited consolidated management accounts of the Group and the current information available to the Board, the Group is expected to record a loss attributable to the shareholders of the Company for the six months ended 30 June 2020 as compared to the profit attributable to the shareholders of the Company of approximately US\$4.2 million for the same period in 2019.

The overall financial results of the Group for the six months period ended 30 June 2020 will only be ascertained when all the relevant results and accounting treatments are finalized. The Company will make further announcement as and when required 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 (“**Board**”) of directors (the “**Directors**”) of the Company would like to inform the shareholders of the Company and potential investors that, based on the preliminary review of the latest unaudited consolidated management accounts of the Group and the current information available to the Board, the Group is expected to record a loss attributable to shareholders of the Company for the six months ended 30 June 2020 as compared to the profit attributable to shareholders of the Company of approximately US\$4.2 million for the same period in 2019. The loss attributable to shareholders is mainly attributable to the following factors:

1. *The continuous drop in copper and cobalt price*

Lower prices for copper and cobalt in the first five months of 2020 as compared to the corresponding period in 2019 with market copper and cobalt prices falling by approximately 12.6% and 5.8% respectively, leading to a drop in revenue. Also, as a result of lower commodity price as compared to the fourth quarter of 2019, there is a downward adjustment to the provisional sales price previously recognised.

2. *Delay in the sales of copper products by Kinsenda Mine*

As mentioned in the Company’s announcement dated 8 May 2020, the Group has decided to send copper concentrate produced by our Kinsenda Mine to a local smelter for processing into copper blister starting from March 2020. Although the refinery process initially will cause a temporary disruption in the sales of copper products by Kinsenda for the months of March and April 2020 and will cause an increase in the processing fees and transportation cost, it will in the long run enhance the copper products of Kinsenda and the Group will be benefited from the increased sales prices. The Group has started selling copper blister to international market in May 2020.

3. *Impact of the novel coronavirus pneumonia epidemic (“**COVID-19**”) on the export of the Group’s finished products*

As a measure to curb the spread of the COVID-19, the government of South Africa imposed a nation-wide lockdown and the export of some of the Group’s finished products out of the Democratic Republic of the Congo (the “**DRC**”) via the Republic of South Africa (“**South Africa**”) was temporarily suspended in April 2020 and the storage of the Group’s finished products increased. With the implementation of the phased relaxation of the lockdown measures and the gradual re-opening of port berth in South Africa, the Group has gradually resumed the export of its finished products out of the DRC via South Africa back to its normal level in May 2020. The Group has been closely monitoring the impact of the developments on the Group’s businesses and has put in place contingency measures, such as temporary adjustment to levels of deliveries of final products.

4. *Cancellation of GHL’s Investment Return amounted to approximately US\$817,000*

For details of the Cancellation of GHL’s Investment Return, please refer to the Company’s announcement dated 30 June 2020 entitled “Discloseable and Connected Transaction regarding Cancellation of GHL’s Investment Return”.

5. *Provision made for the taxable foreign exchange gain*

The reporting currency of the Group is US\$ and the functional currencies of subsidiaries of the Group are mainly US\$ and RMB, while the Group's significant assets are located in areas including the DRC, the Republic of Zambia and South Africa. Due to the significant drop in the foreign exchange rate of ZAR (South African Rand, the lawful currency of South Africa) to US\$ in the six months period ended 30 June 2020, the Group's subsidiaries in South Africa are expected to record a significant foreign exchange gain for tax computing purposes which, if realised, will be subject to taxation. The Group has made provision for the taxable foreign exchange gain for approximately US\$5.5 million which will be reflected in the financial statements of the Group for the six months ended 30 June 2020.

Reference is also made to the impairment loss of, among others, the Group's mine in Zambia as disclosed in the Company's 2018 and 2019 annual reports. With the Group's assets located in the Republic of Zambia approaching end of mine life, the further decline in ore grade and plant recovery rate in the six months ended 30 June 2020 has led to the Group's revisit of the mine's operation and the Group has decided to gradually scale down its operation in Zambia. The Group is in the process of evaluating the options available for realising the long term value of the mine and may lead to a further provision of impairment loss after further evaluation work is completed.

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 information available 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 six months period ended 30 June 2020 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 the final 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 as and when required 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 advised to exercise caution when dealing in the shares of the Company, and should note that undue reliance on or use of the above information may cause investment risks.

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

Hong Kong, 30 June 2020

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