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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)**

**OPERATIONAL UPDATE  
FOR THE SIX MONTHS ENDED 30 JUNE 2020 AND  
UPDATE ON 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 wishes to update 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 information available to the Board, the Group is expected to record a loss attributable to the shareholders of the Company of not more than US\$30.0 million in 2020 1H as compared to a profit attributable to the shareholder of the Company of approximately US\$4.2 million recorded in 2019 1H. 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, collectively 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 announces the unaudited operational update for the six months ended 30 June 2020 (“**2020 1H**”).

## **OPERATIONAL UPDATE FOR THE SIX MONTHS ENDED 30 JUNE 2020**

### **Operational Data**

The Group’s operational data of mining operations and the revenue generated from trading of mineral and metal products summarized and shown in the table below are derived from the management account and internal records currently available to the Group. Such operation data are intended to give investors an overview of the Group’s operations in a timely manner which may differ from the actual data to be disclosed in the announcement regarding the interim results of the Group for the six months ended 30 June 2020, which is expected to be published before the end of August 2020.

	<b>For the six months ended 30 June 2020</b>	For the six months ended 30 June 2019
<b>Mining operations</b>		
Production:		
Copper ( <i>tonne</i> )	<b>39,006</b>	36,897
Cobalt ( <i>tonne</i> )	<b>2,635</b>	2,611
Product sold:		
Copper ( <i>tonne</i> )	<b>34,000</b>	38,091
Cobalt ( <i>tonne</i> )	<b>2,970</b>	844
Revenue (including provisional pricing adjustment) – approximate figures:		
Copper ( <i>US\$’000</i> )	<b>148,961</b>	203,386
Cobalt ( <i>US\$’000</i> )	<b>57,832</b>	8,718
<b>Trading of mineral and metal products</b>		
Revenue – trading of externally sourced mineral and metal products – approximate figures ( <i>US\$’000</i> )	<b>140,748</b>	493,258

In 2020 1H, the Group’s mining operations produced 39,006 tonnes of copper content included in copper cathode and copper concentrate (six months ended 30 June 2019 (“**2019 1H**”): 36,897 tonnes) and 2,635 tonnes of cobalt content included in cobalt hydroxide (2019 1H: 2,611 tonnes).

In 2020 1H, the Group’s mining operations sold 34,000 tonnes of copper (2019 1H: 38,091 tonnes), representing a decrease of approximately 11% year-on-year compared to 2019 1H, and 2,970 tonnes of cobalt (2019 1H: 844 tonnes), representing an increase of approximately 252% year-on-year compared to 2019 1H.

Out of the sales of the copper and cobalt, the Group's mining operations generated revenue of approximately US\$149.0 million and US\$57.8 million, respectively (2019 1H: US\$203.4 million and US\$8.7 million, respectively) in 2020 1H, representing approximately 27% year-on-year decrease and 563% year-on-year increase, respectively, as compared to 2019 1H.

Moreover, the revenue generated from trading of externally sourced mineral and metal products amounted to approximately US\$140.7 million, representing a decrease of approximately 71% as compared to US\$493.3 million in 2019 1H.

## **UPDATE ON PROFIT WARNING**

Reference is made to the announcement of the Company dated 30 June 2020 in relation to the profit warning of the Company (the "**Announcement**").

The Board wishes to update the shareholders of the Company and potential investors that, based on the assessment of the latest information currently available to the Board and a preliminary review of the unaudited consolidated management accounts of the Group for 2020 1H, the Group is expected to record a loss attributable to the shareholders of the Company of not more than US\$30.0 million in 2020 1H as compared to a profit attributable to the shareholders of the Company of US\$4.2 million in 2019 1H. The loss attributable to shareholders is mainly attributable to the following factors:

1. *The continuous drop in copper price*

Lower price for copper in 2020 1H as compared to the 2019 1H with average market copper price decreased by approximately 11.0%, leading to a drop in revenue. Also, as a result of lower copper 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 Announcement and 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. Due to the additional time required for processing copper concentrate to copper blister, no sales was recorded by Kinsenda in March and April 2020. Kinsenda has started selling copper blister to international market in May 2020.

3. *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".

4. *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.

5. *Impairment loss*

Reference is also made to the impairment loss of, among others, the Group's mine in Republic of 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's decision to put the operation in Republic of Zambia under care and maintenance. Further provision of impairment loss was made by the Group in 2020 1H.

Since the Group's business spans different regions and countries, our overseas business is therefore susceptible to the stability of and changes in the local government policies, social and economic environments, and international relations. If there are any material adverse changes in the aforesaid factors, our business, financial condition and operating results may be adversely affected.

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 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 valuation on the Group's assets and liabilities which possibly may result in additional impairment loss 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 also advised to refer to the details of the Company's interim results announcement for the six months ended 30 June 2020 which will be announced before the end of August 2020.

**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, 31 July 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.*