

[Press Release]



**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)

## **Jinchuan International Announces 2020 Interim Results**

### **Copper and Cobalt Production Keeps Growing to**

### **Cope with Commodity Price Uncertainty**

#### **2020 Interim Results Highlights**

- During the first half of 2020, the Group recorded revenue of US\$347.5 million, in which revenue generated from the trading of mineral and metal products segments and mining operations segments was US\$206.8 million and US\$140.7million respectively.
- During the first half of 2020, copper and cobalt production volume both recorded growth. The Group produced 39,006t of copper and 2,635t of cobalt, increased by 6% and 1% respectively, and sold 34,000t of copper and 2,970t of cobalt respectively.

(24 August 2020, Hong Kong) **Jinchuan Group International Resources Co. Ltd** (the “**Company**” or “**Jinchuan International**”, together with its subsidiaries, collectively referred to the “**Group**”, Stock Code: 2362.HK), announced the unaudited consolidated interim results of the Group for the six months ended 30 June 2020 (the “**first half of 2020**” or the “**Period**”).

For the six months ended 30 June 2020, the Group’s recorded revenue of US\$347.5 million (2019 1H: US\$705.4 million), representing a decrease of 51% compared to the same period in 2019, mainly because of the restructuring of trading segment and the drop of copper and cobalt prices in first half of 2020, which had given rise to negative impact on the overall financial performance for the period. The Group has increased its production volume in the period to compensate part of the negative price impact. The trading of mineral and metal products recorded revenue of US\$140.7 million (2019 1H: US\$ 493.2 million), which decreased of 71.4% compared to same period of 2019. The decrease was due to the voluntary liquidation of Shanghai Jinchuan Junhe, one of the principal trading arms of the Group.

For the first half of 2020, the Group’s recorded gross profit of US\$31.7 million ( 2019 1H: US\$60.1 million); Loss attributable to shareholders of US\$28.3 million (2019 1H: profit attributable to

shareholders of US\$4.2 million); Earnings before interest (net finance costs), income tax, depreciation and amortisation and impairment loss (“EBITDA”) of US\$41.3 million (2019 1H: US\$66.8 million).

During the period, the continuous drop in copper price and the delay in the sales of copper products by Kinsenda Mine are the main causes of the decrease in gross profit and the turnaround of the Group's result attributable to shareholders. Reasons for the turnaround of the Group's result attributable to shareholders also include provision made for the taxable foreign exchange gain, impairment loss, and cancellation of GHJ's Investment Return.

For the first half of 2020, the Group produced 39,006t of copper and 2,635t of cobalt and sold 34,000t of copper and 2,970t of cobalt, which generated sales of US\$148.9 million and US\$57.8 million respectively. Despite logistics arrangement disrupted by COVID-19, mine production was largely unaffected by COVID-19 and copper and cobalt production was increased by 6% and 1% respectively.

**Actively improves products and adjusts business strategies to deal with market price uncertainty, flexible marketing strategy in response to commodity price fluctuation**

Starting from March 2020, the Group has decided to send copper concentrate produced by our Kinsenda Mine to a local smelter for processing into copper blister, and Kinsenda has started selling copper blister to international market in May 2020. This decision will in the long run enhance the copper products of Kinsenda and the Group will be benefited from the increased sales prices.

With the Group's assets located in the Zambia approaching end of mine life, the further decline in ore grade and plant recovery rate in the first half of 2020 has led to the Group's revisit of the mine's operation and the Group's decision to put the operation of Chibuluma South Mine (include Chifupu) under care and maintenance. The Group is evaluating different options available for the Group to recoup the remaining value of the assets.

**Conforms to the market development trend and caters to the growth opportunities of copper and cobalt demand**

Looking forward to the copper and cobalt market, the fundamental of the copper market is sound. With the entrance of US-China Phase 1 trade deal in January 2020, copper price has rebounded healthily to US\$6,300/t level. However, the widespread of COVID-19 has dragged down short-term copper price in February and March 2020, copper price reached a bottom of as low as US\$4,618/t in March 2020. Following the drop in new COVID-19 cases in the PRC, the PRC has gradually reopened its economy and business started to resume and the demand for fundamental metal supply increased. LME copper price has recovered by nearly 30% from its lowest point in the period and reached US\$6,000/t level by the end of June 2020.

Copper demand from the PRC started to turn strong since June 2020, and heavy impact of COVID-19 on copper producing countries in Southern America, copper market forecasted to be remained tight in the short term future. And According to market research, electric vehicle industry worldwide will need 250% more copper by 2030 for charging stations, copper will benefit from the modest growth of the electric vehicle industry in the long term.

In the case of cobalt, with the major cobalt miner in the DRC under care and maintenance scheduled for two years, global cobalt supply will remain shorthanded in the short term future. At the same time, analyst predicts that the long term demand for cobalt will grow from 134,000t in 2019 to 225,000t in 2025. The Group also anticipates that as manufacturers and traders drain their stock, healthier and more sustainable demand for cobalt will lead the gradual recovery of cobalt price.

In the future, the Group will actively study and consider the stability and changes of local government policies, social and economic environments, and international relations, then quickly adjust corresponding strategies. Kinsenda Mine has already been producing at full capacity, and the focus in the near future of the Group is the construction of the Musonoi copper-cobalt mine in Kolwezi, the DRC and the development of the Ruashi's sulphide deposit. As the construction work at Musonoi Project has progressed well in the period, the Group is on the way of finalizing the financing plan of Musonoi Project together with Gecamines SA, the state-owned mining company of the DRC Government and also the minority shareholder of Musonoi Project.

The Group commented: "Apart from the existing operations in Africa, the Group will actively look into the market and seek for investment opportunities, and aim be a world-class mineral corporation. More efforts had been put towards new business development, in particular in identifying opportunities at Southern Africa which was close to our existing mines, and will continually, prudently and actively pursue any new business development opportunity. At the same time, the Group will continue to improve quality, efficiency and production so as to bring growth to the Group, give investors and shareholders confidence to support the development of the Group."

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### **About Jinchuan Group International Resources Co. Ltd (Stock Code: 2362.HK)**

Jinchuan International is a Hong Kong listed company established by the Jinchuan Group Co., Ltd for the purposes of accelerating the establishment of the mining group's multinational operational strategy and elevating Jinchuan Group's global investing, financing and operating capabilities. By virtue of Hong Kong's advantages as an international financial and trade center, and through the Company's focus on an internationalized operating strategy, the Company has established itself as the flagship platform for the Jinchuan Group to develop its overseas non-ferrous metal mining business. The Company is primarily engaged in the development of overseas mining resources projects, capital operation and assets management of overseas mining resources projects, as well as trading of raw materials and products of nickel, copper, cobalt and precious metals.

### **About Jinchuan Group Co., Ltd**

Jinchuan Group Co., Ltd, founded in 1958, is a state-owned enterprise with its majority interest held by the People's Government of Gansu Province. Jinchuan Group specializes in mining, concentrating, metallurgy, chemical engineering and further downstream processing. Jinchuan Group is widely recognized as a renowned mining corporation and is the third largest nickel producer and fourth largest cobalt producer in the world and the third largest copper producer in China. Jinchuan Group ranks no. 369 in "Fortune" Global 500.

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