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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2019

RESULTS

The Board is pleased to announce the unaudited condensed consolidated interim results of the Group for the six months ended 30 June 2019 together with the comparative figures for the corresponding period in 2018 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***US$'000***	*US$'000*
		(unaudited)	(unaudited)
Revenue	4	**705,362**	800,680
Cost of sales		**(645,262)**	(622,966)
Gross profit		**60,100**	177,714
Other gains and losses	6	**(993)**	5,744
Selling and distribution costs		**(18,906)**	(16,618)
Administrative expenses		**(19,688)**	(19,507)
Finance income		**977**	827
Finance costs		**(11,119)**	(11,805)
Profit before tax	7	**10,371**	136,355
Income tax expense	8	**(2,680)**	(51,370)
Profit for the period		**7,691**	84,985

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ***(Continued)***
For the six months ended 30 June 2019

		Six months ended 30 June	
		2019	2018
	Notes	***US$'000***	*US$'000*
		(unaudited)	(unaudited)
Other comprehensive expense:			
Item that may be reclassed subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(32)**	(873)
Other comprehensive expense for the period		**(32)**	(873)
Total comprehensive income for the period		**7,659**	84,112
Profit for the period attributable to:			
Owners of the Company		**4,185**	61,022
Non-controlling interests		**3,506**	23,963
		7,691	84,985
Total comprehensive income for the period attributable to:			
Owners of the Company		**4,166**	60,149
Non-controlling interests		**3,493**	23,963
		7,659	84,112
Earnings per share			
Basic (US cents)	10	**0.03**	1.04
Diluted (US cents)	10	**0.03**	0.46

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019

	Notes	At 30 June 2019 US$'000 (unaudited)	At 31 December 2018 US$'000 (audited)
Non-current assets			
Property, plant and equipment		**724,701**	742,807
Right-of-use assets		**3,402**	–
Mineral rights		**469,531**	478,098
Exploration and evaluation assets		**143,001**	140,990
Other non-current assets		**13,901**	14,209
		1,354,536	1,376,104
Current assets			
Inventories		**215,427**	186,110
Trade and other receivables	11	**174,418**	212,065
Amount due from a related company		**1**	–
Bank balances and cash		**88,739**	78,919
		478,585	477,094
Current liabilities			
Trade and other payables	12	**68,742**	73,958
Amount due to an intermediate holding company		**128,357**	125,453
Amount due to a fellow subsidiary		**6,324**	6,199
Amount due to a non-controlling shareholder of a subsidiary		**200**	200
Bank borrowings		**158,915**	165,521
Short-term provisions		**8,004**	9,325
Tax payable		**34,508**	37,713
Lease liabilities		**1,297**	–
		406,347	418,369
Net current assets		**72,238**	58,725
Total assets less current liabilities		**1,426,774**	1,434,829

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ***(Continued)***

At 30 June 2019

	Notes	At 30 June 2019 US$'000 (unaudited)	At 31 December 2018 US$'000 (audited)
Non-current liabilities			
Bank borrowings		**109,500**	123,771
Long-term provisions		**32,490**	32,053
Deferred tax liabilities		**297,437**	300,210
Lease liabilities		**2,096**	–
		441,523	456,034
Net assets		**985,251**	978,795
Capital and reserves			
Share capital	13	**16,166**	16,166
Perpetual subordinated convertible securities	14	**88,462**	88,462
Reserves		**755,721**	753,194
Equity attributable to owners of the Company		**860,349**	857,822
Non-controlling interests		**124,902**	120,973
Total equity		**985,251**	978,795

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2019

1. GENERAL

Jinchuan Group International Resources Co., Ltd. (the "**Company**") is a public limited company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Its ultimate holding company is 金川集團股份有限公司 (Jinchuan Group Co., Ltd*) ("**JCG**"), a state-owned enterprise established in the PRC. The registered address of the Company is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company in Hong Kong is at Unit 3101, 31/F, United Centre, 95 Queensway, Hong Kong.

The Company is an investment holding company. The principal activities of the Company and its subsidiaries (collectively referred to as the "**Group**") are mining operations and the trading of mineral and metal products.

Certain comparative figures have been reclassified to conform with current period's presentation. These reclassification have no effect on condensed consolidated financial position, profit for the period or cash flow of the Company.

* *For identification purposes only*

2. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with the International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" issued by the International Accounting Standards Board (the "**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

3. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments, which have been measured at fair values, as appropriate.

Other than changes in accounting policies resulting from application of new International Financial Reporting Standards ("**IFRSs**"), the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2019 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2018.

Application of new and amendments to IFRS

In the current interim period, the Group has applied, for the first time, the following new and amendments to IFRSs issued by the IASB which are mandatory effective for the annual period beginning on or after 1 January 2019 for the preparation of the Group's condensed consolidated financial statements:

IFRS 16	Leases
IFRIC – Int 23	Uncertainty over Income Tax Treatments
Amendments to IFRS 9	Prepayment Features with Negative Compensation
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle

Except as described below, the application of the new and amendments to IFRSs in the current period has had no material impact on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these condensed consolidated financial statements.

3.1 Impacts and changes in accounting policies of application on IFRS 16 "Leases"

The Group has applied IFRS 16 for the first time in the current interim period. IFRS 16 superseded IAS 17 "Leases" ("**IAS 17**"), and the related interpretations.

3.1.1 Key changes in accounting policies resulting from application of IFRS 16

The Group applied the following accounting policies in accordance with the transition provisions of IFRS 16.

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under IFRS 16 at inception or modification date. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

As a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term is depreciated from commencement date to the end of the useful life. Otherwise, right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use assets as a seperate line item on the condensed consolidated statement of financial position.

Leasehold land and building

For payments of a property interest which includes both leasehold land and building elements, the entire property is presented as property and equipment of the Group when the payments cannot be allocated reliably between the leasehold land and building elements.

Refundable rental deposits

Refundable rental deposits paid are accounted under IFRS 9 "Financial Instruments" ("**IFRS 9**") and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

Lease liabilities

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;

- variable lease payments that depend on an index or a rate;

- amounts expected to be paid under residual value guarantees;

- the exercise price of a purchase option reasonably certain to be exercised by the Group; and

- payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.

- the lease payments change due to changes in market rental rates following a market rent review in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

Lease modifications

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Taxation

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 "Income Taxes" requirements to right-of-use assets and lease liabilities separately. Temporary differences relating to right-of-use assets and lease liabilities are not recognised at initial recognition and over the lease terms due to application of the initial recognition exemption.

3.1.2 Transition and summary of effects arising from initial application of IFRS 16

Definition of a lease

The Group has elected the practical expedient to apply IFRS 16 to contracts that were previously identified as leases applying IAS 17 and IFRIC-Int 4 "Determining whether an Arrangement contains a Lease" and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in IFRS 16 in assessing whether a contract contains a lease.

As a lessee

The Group has applied IFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

On transition, the Group has made the following adjustments upon application of IFRS 16:

The Group recognised lease liabilities of US$1,543,000 and right-of-use assets of US$1,521,000 at 1 January 2019.

When recognising the lease liabilities for leases previously classified as operating leases, the Group has applied incremental borrowing rates of the relevant group entities at the date of initial application. The weighted average lessee's incremental borrowing rate applied is 5.5%.

	At 1 January 2019 *US$'000*
Operating lease commitments disclosed as at 31 December 2018	**1,713**
Lease liabilities discounted at relevant incremental borrowing rates as at 1 January 2019	**1,543**
Analysed as	
Current	**695**
Non-current	**848**
	1,543

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

	Right-of-use assets *US$'000*
Right-of-use assets relating to operating leases recognised upon application of IFRS 16	**1,521**
By class:	
Building and infrastructure	**1,521**

The following adjustments were made to the amounts recognised in the condensed consolidated statement of financial position at 1 January 2019. Line items that were not affected by the changes have not been included.

	Carrying amounts previously reported at 31 December 2018 *US$'000*	Adjustment *US$'000*	Carrying amounts at 1 January 2019 *US$'000*
Non-current assets			
Right-of-use assets	–	1,521	1,521
Current liability			
Lease liabilities	–	695	695
Non-current liability			
Lease liabilities	–	848	848

4. REVENUE

Revenue represents revenue arising from sales of commodities. An analysis of the Group's revenue for the period is as follows:

	Six months ended 30 June	
	2019 ***US$'000*** **(unaudited)**	2018 *US$'000* (unaudited)
Sales of copper	**506,964**	397,612
Sales of cobalt	**8,718**	190,508
Sales of nickel	**–**	10,263
Sales of glycol	**123,459**	–
Sales of aluminum ingot	**72,159**	202,297
Revenue from sales of commodities	**711,300**	800,680
Provisional pricing adjustment	**(5,938)**	–
Revenue – reported measure	**705,362**	800,680

All the revenue is recognised at a point in time.

5. SEGMENT INFORMATION

IFRS 8 "Operating Segments" requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker ("**CODM**") in order to allocate resources to the segment and assess its performance.

The CODM has been identified as the executive directors of the Company. They review the Group's internal reporting for the purpose of resource allocation and assessment of segment performance.

The Group's operating and reportable segments are as follows:

- Mining operations
- Trading of mineral and metal products

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating and reportable segments.

For the six months ended 30 June 2019 (unaudited)

	Mining operations *US$'000*	**Trading of mineral and metal products** *US$'000*	**Total** *US$'000*
Segment revenue			
Revenue	**218,042**	**566,716**	**784,758**
Inter-segment sales	**(73,458)**	**–**	**(73,458)**
Provisional pricing adjustment	**(5,938)**	**–**	**(5,938)**
	138,646	**566,716**	**705,362**
Segment results	**11,162**	**1,032**	**12,194**
Unallocated corporate income			**926**
Unallocated corporate expenses			**(2,749)**
Profit before tax			**10,371**

Inter-segment sales are charged at prevailing market price.

For the six months ended 30 June 2018 (unaudited)

	Mining operations *US$'000*	Trading of mineral and metal products *US$'000*	Total *US$'000*
Segment revenue – external sales	390,155	410,525	800,680
Segment results	137,699	820	138,519
Unallocated corporate income			632
Unallocated corporate expenses			(2,796)
Profit before tax			136,355

Note: The accounting policies of operating segments are the same as the Group's accounting policies. Segment revenues and segment results comprise revenue from external customers and profit before tax of each segment (excluding finance income, non-operating related other income, gains and losses and other central administration costs and finance costs), respectively.

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by operating and reportable segments:

Segment assets

	30 June 2019 ***US$'000*** **(unaudited)**	31 December 2018 *US$'000* (audited)
Mining operations	**1,701,373**	1,684,523
Trading of mineral and metal products	**74,263**	143,709
Total segment assets	**1,775,636**	1,828,232
Unallocated corporate assets	**57,485**	24,966
Consolidated assets	**1,833,121**	1,853,198

Segment liabilities

	30 June 2019 US$'000 (unaudited)	31 December 2018 US$'000 (audited)
Mining operations	**478,745**	496,570
Trading of mineral and metal products	**30,573**	36,972
Total segment liabilities	**509,318**	533,542
Unallocated corporate liabilities	**338,552**	340,861
Consolidated liabilities	**847,870**	874,403

Note: Segment assets and segment liabilities comprise total assets (excluding unallocated corporate assets) and total liabilities (excluding tax payable, deferred tax liabilities and other unallocated corporate liabilities) of each segment, respectively.

6. OTHER GAINS AND LOSSES

	Six months ended 30 June 2019 US$'000 (unaudited)	2018 US$'000 (unaudited)
Exchange (losses) gains, net	**(1,274)**	5,321
Others	**281**	423
	(993)	5,744

7. PROFIT BEFORE TAX

	Six months ended 30 June 2019 US$'000 (unaudited)	2018 US$'000 (unaudited)
Profit before tax has been arrived at after charging:		
Depreciation of property, plant and equipment	**37,097**	37,642
Depreciation of right-of-use assets	**638**	–
Amortisation of mineral rights	**8,567**	2,547
Operating lease rentals in respect of equipment, premises and vehicles	**–**	670

8. INCOME TAX EXPENSE

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
The tax expense (credit) comprises:		
Current taxation		
Hong Kong profits tax	**–**	–
Corporate income tax in the PRC	**418**	152
Corporate income tax in the DRC	**4,999**	43,948
Corporate income tax in Zambia	**8**	1,360
Corporate income tax in South Africa	**28**	(375)
	5,453	45,085
Deferred taxation	**(2,773)**	6,285
	2,680	51,370

No provision for Hong Kong profits tax has been made as the Group does not have assessable profits arising in Hong Kong for the period (six months ended 30 June 2018: Nil).

Corporate income tax in the PRC is calculated at 25% on the assessable profits for the period (six months ended 30 June 2018: 25%).

Corporate income tax in Mauritius, South Africa and the DRC are calculated at 15%, 28% and 30% (six months ended 30 June 2018: 15%, 28% and 30%) on the estimated assessable profits for the period, respectively.

Corporate income tax in Zambia is calculated at 30% for the period (six months ended 30 June 2018: 30%). In 2018, the tax rate applicable to the assessable profits for the period ranged from 30% to 45%, the applicable tax rate was determined based on a number of factors including the revenue of respective subsidiary and the average copper price of the period.

9. DIVIDEND

During the current interim period, a final dividend in respect of the year ended 31 December 2018 of HK0.1 cent (2018: final dividend in respect of the year ended 31 December 2017 of Nil) per ordinary share, in an aggregate amount of approximately HK$12,610,000, equivalent to approximately US$1,617,000 (2018: Nil), has been approved by the shareholders at the annual general meeting of the Company held on 19 June 2019.

No dividend was paid or declared by the Company in respect of the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

	Six months ended 30 June	
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(unaudited)
Earnings		
Earnings for the purpose of basic earnings per share	**4,185**	61,022
Add: Interest expense on PSCS	**44**	460
Earnings for the purpose of diluted earnings per share	**4,229**	61,482

	Six months ended 30 June	
	2019	2018
	(unaudited)	(unaudited)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**12,609,873,051**	5,864,840,786
Effect of dilutive potential ordinary shares: PSCS	**690,000,000**	7,435,032,265
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**13,299,873,051**	13,299,873,051

There were no other potential ordinary shares outstanding as at the end of both reporting periods.

11. TRADE AND OTHER RECEIVABLES

	30 June	31 December
	2019	2018
	US$'000	*US$'000*
	(unaudited)	(audited)
Financial assets at fair value through profit or loss		
Trade and bill receivables under provisional pricing arrangements	**84,122**	106,453
Financial assets at amortised cost		
Other receivables	**9,054**	9,072
Loan to a DRC state-owned power company – current	**–**	1,065
	9,054	10,137
Non-financial assets		
Other receivables	**2,800**	3,019
Prepayments	**2,198**	3,150
Value-added tax recoverable	**76,244**	89,306
	81,242	95,475
	174,418	212,065

Included in trade and bill receivables as at 30 June 2019 was an amount due from a fellow subsidiary of US$7,150,000 (31 December 2018: US$44,273,000), which was of trade nature. The Group provided this fellow subsidiary with a credit period of 8 days (31 December 2018: 8 days).

The Group provided customers (other than its fellow subsidiaries) with a credit period ranging from 5 days to 30 days (31 December 2018: 5 days to 30 days). Before accepting new customers, the Group uses a credit bureau to perform a credit assessment to assess the potential customers' credit limit and credit quality.

As at 30 June 2019, the amounts of trade and bill receivables under provisional pricing arrangements had been adjusted for US$5,701,000 (31 December 2018: US$445,000), being the difference between the average LME future commodity prices for the duration up to the date of final pricing and the quoted price on the date of recognition of revenue when title and risks and rewards of the mineral and metal products are passed to customers.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group has significant concentration of credit risk where a debtor, being a fellow subsidiary of the Company, constitutes 8% (31 December 2018: 42%) of trade and bill receivables.

The following is an ageing analysis of trade and bill receivables, presented based on invoice date at the end of the reporting period.

	30 June 2019	31 December 2018
	US$'000	*US$'000*
	(unaudited)	(audited)
Within 3 months	**76,972**	68,363
4 to 6 months	**–**	35,502
7 to 12 months	**7,150**	2,588
	84,122	106,453

As at 30 June 2019, included in trade receivables is an amount due from a fellow subsidiary of US$7,150,000 (31 December 2018: US$44,273,000) which was past due as at the end of the reporting date and was regarded as not impaired. The Group does not consider such balance as defaulted due to long and good repayment record from the fellow subsidiary.

Ageing of trade receivables which are past due but not impaired

	30 June 2019	31 December 2018
	US$'000	*US$'000*
	(unaudited)	(audited)
Over due by:		
Within 3 months	**–**	14,946
4 to 6 months	**–**	29,327
7 to 12 months	**7,150**	–
	7,150	44,273

12. TRADE AND OTHER PAYABLES

	30 June 2019	31 December 2018
	US$'000	*US$'000*
	(unaudited)	(audited)
Financial liabilities at fair value through profit or loss		
Trade payables under provisional pricing arrangements	**15,515**	26,257
Financial liabilities at amortised cost		
Other payables	**2,848**	5,315
Dividend payable	**1,617**	–
	4,465	5,315
Non-financial liabilities		
Other payables and accruals	**48,762**	42,386
	68,742	73,958

Included in other payables and accruals are accrual for freight charges, export clearing charges, provision for unpaid import duties and related surcharge in the DRC, accrual royalty and other general operation related payables.

The purchase contracts of commodity contain a clause of provisional pricing arrangements, where the quoted price on the date of recognition of purchase, when title and risks and rewards of mineral and metal products passed from suppliers to the Group, will be adjusted for the difference between the average LME future commodity prices for the duration up to the date of final pricing. During the period ended 30 June 2019 and year ended 31 December 2018, the dates of recognition of purchase and the dates of final pricing for all purchase contracts are the same. Accordingly, no provisional pricing adjustments have been recognised.

The following is an ageing analysis of trade payables based on the invoice date at the end of the reporting period.

	30 June 2019	31 December 2018
	US$'000	*US$'000*
	(unaudited)	(audited)
Within 3 months	**15,175**	23,472
4 to 6 months	**–**	359
7 to 12 months	**–**	2,426
Over 1 year	**340**	–
	15,515	26,257

The credit period on purchases of goods ranges from 0 to 90 days.

13. SHARE CAPITAL

	Number of shares	Amount HK$'000
Ordinary shares of HK$0.01 each		
Authorised:		
At 1 January 2018, 31 December 2018, 1 January 2019 and 30 June 2019	20,000,000,000	200,000
Issued and fully paid:		
At 1 January 2018 (audited)	4,833,753,051	48,338
Issue of new shares by conversion of PSCS *(Note 14)*	7,776,120,000	77,761
At 31 December 2018 (audited) and 30 June 2019 (unaudited)	12,609,873,051	126,099

Shown in the condensed consolidated financial statements as:

	Amount US$'000
At 31 December 2018 (audited)	16,166
At 30 June 2019 (unaudited)	16,166

14. PERPETUAL SUBORDINATED CONVERTIBLE SECURITIES

On 14 November 2013, the Company issued the PSCS with an aggregate principal amount of US$1,085,400,000, being part of consideration for the Combination. The fair value of the PSCS, which was determined based on a valuation carried out by Asset Appraisal Limited, an independent valuer not connected with the Group, on the date of completion of the Combination amounted to US$1,089,084,000.

The PSCS are convertible into a maximum of 8,466,120,000 ordinary shares of the Company at an initial conversion price of HK$1 per share, subject to anti-dilutive adjustments. On or at any time after three years after the date of issue of the PSCS, the Company may, at its sole discretion, elect to convert the PSCS in whole or in part into ordinary shares of the Company. At any time when a holder of the PSCS is not a connected person of the Company, a principal amount of the PSCS which upon conversion will result in the holder holding in aggregate under 10% of the issued share capital of the Company shall be automatically converted into ordinary shares of the Company.

The PSCS shall not bear any distribution for the first three years from the issue date but shall bear distribution at 0.1% of the principal amount per annum thereafter payable annually in arrears on 31 December each year and can be deferred indefinitely at the discretion of the Company. The PSCS have no fixed maturity and are redeemable at the Company's option at their principal amounts together with any accrued, unpaid or deferred distributions. While any distributions are unpaid or deferred, the Company may not, inter alia, declare or pay any dividends or distribution on any ordinary shares of the Company or redeem or buy-back any ordinary shares of the Company, for so long as any distributions which are due and payable have not yet been paid in full.

During 2018, various investors including Jinchuan (BVI) Limited ("**Jinchuan BVI**"), an indirect wholly-owned subsidiary of JCG, which in turn is the controlling shareholder of the Company, exercised the conversion of the PSCS in an aggregate principal amount of US$996,938,000 into ordinary shares at the conversion price of HK$1 per share ("**Conversion**").

As a result of the Conversion and pursuant to the terms of the PSCS, on 6 June 2018, the Company allotted and issued a total of 7,776,120,000 ordinary shares to the investors including Jinchuan BVI, representing approximately 61.66% of the number of issued shares as enlarged by the aforesaid allotment and issue of ordinary shares. These ordinary shares ranked pari passu with all the existing Shares at the date of allotment and among themselves in all respects. The aggregate outstanding principal amount of the PSCS has been reduced to US$88,462,000 immediately after the Conversion. The issued share capital of the Company has been increased to 12,609,873,051 shares upon abovementioned allotment and issue of the ordinary shares.

Movement of PSCS:

	PSCS *Number*	**PSCS** *US$'000*
As at 1 January 2018 (audited)	8,466,120,000	1,089,084
Conversion during the year	(7,776,120,000)	(1,000,622)
As at 31 December 2018 (audited) and 30 June 2019 (unaudited)	690,000,000	88,462

15. CAPITAL COMMITMENTS

	At 30 June 2019 ***US$'000*** **(unaudited)**	At 31 December 2018 *US$'000* (audited)
Capital expenditure in respect of property, plant and equipment, mineral rights and exploration and evaluation assets contracted for but not provided in the condensed consolidated financial statements	**19,758**	16,992

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

JCI and its subsidiaries are principally engaged in (i) the mining of metals, primarily copper and cobalt, in the DRC and Zambia; and (ii) the trading of mineral and metal products in the PRC and Hong Kong.

The decrease of copper and cobalt prices during the first half of 2019 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 offset part of the negative price impact.

Mining Operations

The Group has majority control over three operating mines in Africa which are Ruashi Mine, a copper and cobalt mine located in Lubumbashi, the DRC, Kinsenda Mine, a copper mine also located in Katanga Province, the DRC and Chibuluma South Mine (including Chifupu Deposit), a copper mine located in Zambia.

For the six months period ended 30 June 2019, the Group produced 36,897t of copper (six months ended 30 June 2018: 30,522t) and 2,611t of cobalt (six months ended 30 June 2018: 2,579t), and sold 38,091t of copper (six months ended 30 June 2018: 33,064t) and 844t of cobalt (six months ended 30 June 2018: 2,566t) which generated sales of US$203.4 million and US$8.7 million respectively (six months ended 30 June 2018: US$199.7 million and US$190.5 million respectively). Copper production was 21% higher in the six months ended 30 June 2019 as compared to the corresponding period in 2018. The significant increase in copper production was contributed by the increase in copper cathode produced by Ruashi Mine during the period as a result of higher volume of ore mined and milled, higher recovery rate recorded and the shift in focus from cobalt to copper during the period. Cobalt production was 1% higher in the six months ended 30 June 2019 as compared to the corresponding period in 2018. Lower grade cobalt ore was mined in the period, but the higher volume of ore mined and milled has cancelled out the drop in average grade, maintaining production at similar level as compared to corresponding period in 2018.

The Group also has control over Musonoi Project, a copper and cobalt project at development stage, and Lubembe Project, a copper project in exploration stage. Both projects are located in the DRC.

Trading of Mineral and Metal Products

During the six months ended 30 June 2019, Shanghai Jinchuan Junhe, a 60% owned subsidiary of the Group, has recorded a turnover of US$493.3 million (six months ended 30 June 2018: US$410.5 million) via the trading of commodities, including copper cathode, nickel cathode, aluminum ingot and glycol. The Group's trading arm in Shanghai has grown at a rapid pace with the support of the two shareholders.

FINANCIAL REVIEW

The Group's operating results for the six months ended 30 June 2019 are a consolidation of the results from the mining operations and the trading of mineral and metal products.

Revenue

The revenue for the six months ended 30 June 2019 was US$705.4 million, representing a decrease of 11.9% compared to US$800.7 million for the six months ended 30 June 2018. Revenue decreased during the period mainly due to the significant fall in commodity price during the period offset by the further expansion of trading business in Shanghai which will be further discussed below.

The Group's sales performance from its mining operations and trading of mineral and metal products was as follows:

For the six months ended 30 June	**2019**	2018
Mining operations:		
Volume of copper sold *(t)*	**38,091**	33,064
Volume of cobalt sold *(t)*	**844**	2,566
Average price realized per tonne of copper *(US$)*	**5,339**	6,038
Average price realized per tonne of cobalt *(US$)*	**10,324**	74,243
Revenue from sales of copper *(US$'000)*	**203,386**	199,647
Revenue from sales of cobalt *(US$'000)*	**8,718**	190,508
Total revenue from mining operations – *including provisional pricing adjustment (US$'000)*	**212,104**	390,155
Trading of mineral and metal products:		
Revenue – trading of externally sourced mineral and metal products *(US$'000)*	**493,258**	410,525
Total Revenue *(US$'000)*	**705,362**	800,680

Note: Pricing coefficients were considered in actual sales revenue

The average benchmark LME copper and MB cobalt prices for the six months ended 30 June 2019 were US$6,167/t and US$36,365/t respectively, representing a 11% and 59% decrease as compared to the average benchmark copper and cobalt for the six months ended 30 June 2018 of US$6,915/t and US$89,073/t respectively.

The significant drop in benchmark copper and cobalt prices impacted negatively on revenue during the first half of 2019 as compared to 2018. The average realised copper and cobalt prices for the six months ended 30 June 2019 were US$5,339/t and US$10,324/t respectively (six months ended 30 June 2018: US$6,038/t and US$74,243/t).

Copper mining revenue for the six months ended 30 June 2019 increased by 1.9% as compared to the corresponding period in 2018. While average realized copper price recorded a decrease of 11.6% for the six months ended 30 June 2019, the increase in copper sold by 15.2% offset the decrease in copper price, resulting a slight increase in copper revenue. Cobalt revenue decreased by 95% from 2018 to 2019 as a result of the substantial lower pricing coefficient than the corresponding period in 2018 and the lower cobalt volumes sold also had a negative impact.

The trading of mineral and metal products segment recorded an increase in revenue on trading of externally sourced commodities by 20.2% from US$410.5 million for the six months ended 30 June 2018 to US$493.3 million for the six months ended 30 June 2019. Shanghai Jinchuan Junhe contributed mainly to the increase in revenue in the period, where it benefits from subsequent capital injection in the second half of 2018.

Cost of Sales

Cost of sales represents the costs associated with the production of copper and cobalt from the Group's mining operations and the purchase cost for the trading of mineral and metal products. The major components of cost of sales are as follows:

For the six months ended 30 June	**2019** ***US$'000***	2018 *US$'000*
Mining operations:		
Realisation costs	**2,324**	4,570
Mining costs	**30,427**	25,775
Ore purchase	**8,964**	47,477
Salaries and wages	**25,640**	27,108
Processing costs	**39,406**	33,643
Engineering and technical costs	**9,961**	15,025
Safety, health, environment and community costs	**2,707**	2,014
Mine administrative expenses	**15,609**	13,912
Depreciation of property, plant and equipment	**37,080**	37,551
Depreciation of right-of-use assets	**48**	–
Amortisation of mineral rights	**8,567**	2,547
Movement in inventories	**(26,871)**	3,760
Sub-total	**153,862**	213,382
Trading of mineral and metal products:		
Purchase of commodities	**491,400**	409,584
Total Cost of Sales	**645,262**	622,966

Cost of mining operations decreased by 27.9% to US$153.9 million (six months ended 30 June 2018: US$213.4 million) for the six months ended 30 June 2019 principally due to less foreign ore was secured by Ruashi Mine during the period as Ruashi Mine focus on the development of own mine and the increase in cobalt finished goods inventory in the period.

Cost of trading of mineral and metal products increased by 20.0% to US$491.4 million (six months ended 30 June 2018: US$409.6 million) for the six months ended 30 June 2019 in line with the increase in trading revenue.

Gross Profit

Gross profit of the Group decreased by 66.2% from US$177.7 million for the six months ended 30 June 2018 to US$60.1 million for the six months ended 30 June 2019. The decrease in copper and cobalt prices in the first half of 2019 was the main cause of decrease in gross profit.

Gross profit margin decreased from 22.2% in 2018 to 8.5% in 2019. Despite being able to provide a steady income stream, the expansion of trading business has led to the decrease in the Group's overall gross profit due to its nature of slim margin, fast turning, fast settlement characteristic in trading industry.

Net Financing Costs

For the six months ended 30 June	**2019** ***US$'000***	2018 *US$'000*
Financing income	**977**	827
Financing cost	**(11,119)**	(11,805)
	(10,142)	(10,978)

The net financing costs decreased slightly by 7.6% from US$10.9 million for the six months ended 30 June 2018 to US$10.1 million for the six months ended 30 June 2019. Decrease in financing cost relates to the gradual repayment of bank borrowings but offset by the increase in bank loan interest rates, which are mainly floating and denominated in LIBOR.

Other Gains and Losses

The significant increase in other losses for the six months ended 30 June 2019 was mainly due to an unrealised exchange loss of approximately US$1.3 million derived from the conversion of value-added tax recoverable denominated in CDF which depreciated during the period against US$, the functional currency of the operating companies in the DRC. There was an unrealized exchange gain of US$5.3 million during the six months ended 30 June 2018.

Selling and Distribution Costs

The costs mainly represent the off-mine costs incurred when the Group sells its copper and cobalt under the mining operations, and they primarily comprise of transportation expenses and custom clearing expenses. The breakdown of selling and distribution costs is as follows:

For the six months ended 30 June	**2019** ***US$'000***	2018 *US$'000*
Off-mine costs:		
Clearing costs of export	**12,707**	14,515
Transportation	**3,422**	1,935
Others	**2,777**	168
Total Selling and Distribution Costs	**18,906**	16,618

Selling and distribution costs increased slightly by 13.8% from US$16.6 million for the six months ended 30 June 2018 to US$18.9 million for the six months ended 30 June 2019. The increase in selling and distribution costs was primarily due to the increase in transportation cost for transporting copper concentrate from the DRC to Zambia and a new land tax for local railway rehabilitation imposed in the period.

Administrative Expenses (include Royalty Expenses)

Administrative expenses increased by 1.0% from US$19.5 million for the six months ended 30 June 2018 to US$19.7 million for the six months ended 30 June 2019. The slight increase in administrative expenses was mainly due to the increase in royalties expenses, especially in the DRC, which was offset by the stricter control on cost in the period.

Income Tax Expense

The Group is subject to taxes in the PRC, Hong Kong, the DRC, Zambia and South Africa due to its business operations in these jurisdictions. An income tax expense of US$2.7 million was derived for the six months ended 30 June 2019 as compared to US$51.4 million for the six months ended 30 June 2018. The decrease in income tax expense is primarily due to the decrease in taxable profit in the first half of 2019.

Profit for the Period

As a result of the above, the Group recorded a consolidated profit of US$7.7 million for the six months ended 30 June 2019 as compared to that of US$84.9 million for the six months ended 30 June 2018.

Profit Attributable to Shareholders

Profit attributable to shareholders of the Company for the six months ended 30 June 2019 was US$4.2 million, representing a decrease of 93% compared to profit attributable to shareholders of the Company for the six months ended 30 June 2018 of US$61.0 million.

The deterioration in the Group's profit attributable to shareholders of the Company for the six months ended 30 June 2019 as compared to the corresponding period in 2018 was mainly due to:

1. materially lower prices for benchmark copper and cobalt for the six months ended 30 June 2019 as compared to the corresponding period in 2018 with average benchmark LME copper and MB cobalt prices falling by approximately 11% and 59% respectively from 2018 to 2019;

2. the Group has strategically slowed its sale of cobalt to connected party and has increased its storage of cobalt inventory, leading to the significant decrease in cobalt quantity sold by approximately 67% for the six months ended 30 June 2019 as compared to the corresponding period in 2018. Approximately 3,200t of cobalt inventory was recorded as at 30 June 2019 with a net realization value of approximately US$65 million under the current market terms; and

3. the significant increase in royalty rate in the DRC on copper and cobalt from 2% to 3.5% since June 2018 and on cobalt from 3.5% to 10% near the end of 2018, leading to a drop in net profit ratio. Such impact were partially offset by the decrease in commodity volume sold.

Non-IFRS Financial Measure

C1 cash cost

The term "C1 cash cost" is a non-IFRS performance measure included in this "Management Discussion and Analysis" and is prepared on a per tonne of copper sold basis. The term C1 cash cost does not have any standardized meaning prescribed by IFRS and therefore may not be comparable to similar measures presented by other issuers. C1 cash cost is a common performance measure in the copper industry and is prepared and presented herein on a basis consistent with industry standard definitions. C1 cash costs include all mining and processing costs, mine site overheads, realization costs through to refined metal and off-site costs.

The table below reconciles the Group's C1 cash costs to the statement of comprehensive income in the financial statements of the Group for the financial periods indicated.

For the six months ended 30 June	**2019** ***US$'000***	2018 *US$'000*
Cash costs as reported in the income statement:		
Direct and indirect mining cost	**153,867**	185,973
Adjustment for change in inventory	**(26,871)**	3,760
C1 cash costs (excluding by-product credit)	**126,996**	189,733
Less: cobalt (by-product) revenue	**(8,718)**	(190,508)
C1 cash costs (including by-product credit)	**118,278**	(775)
Copper sold *(t)*	**38,091**	33,064
C1 cash cost per tonne of copper (excluding by-product credit) *(US$/t)*	**3,334**	5,738
C1 cash cost per tonne of copper (including by-product credit) *(US$/t)*	**3,105**	(23)

*Earnings before interest (net finance costs), income tax, depreciation and amortisation and impairment loss ("**EBITDA**")*

EBITDA is used by the management to evaluate the financial performance of the Group and identify underlying trends in business that could otherwise be distorted if the impact of items that do not consider indicative of the performance of the business and/or which we do not expect to be recurring are not eliminated. Companies may use different methods of depreciating assets. Management considered the impairment loss and fair value gains are non-recurring in nature and are not relevant to our core business operations. Management believes that these measures better reflect the Company's performance for the current period and are a better indication of its expected performance in future periods. EBITDA is intended to provide additional information, but does not have any standardized meaning prescribed by IFRS.

The EBITDA of the Group is derived as follows:

For the six months ended 30 June	**2019** ***US$'000***	2018 *US$'000*
Profit for the period	**7,691**	84,985
Add: Net finance costs	**10,142**	10,978
Add: Income tax expense	**2,680**	51,370
Add: Depreciation of property, plant and equipment	**37,097**	37,642
Add: Depreciation of right-of-use assets	**638**	–
Add: Amortisation of mineral rights	**8,567**	2,547
EBITDA	**66,815**	187,522

The Company believes that in addition to conventional measures prepared in accordance with IFRS, certain investors will use the above tool and related information to evaluate the Company. It is intended to provide additional information and should not be considered in isolation nor as a substitute for measures of performance prepared in accordance with IFRS.

Issue of New Shares

During the year ended 31 December 2018, various investors including Jinchuan BVI, an indirect wholly-owned subsidiary of JCG, which in turn is the controlling shareholder of the Company, exercised the conversion of the PSCS in an aggregate principal amount of US$996,938,461 into ordinary shares of the Company at the conversion price of HK$1.00 per share.

As a result of the Conversion and pursuant to the terms of the PSCS, on 6 June 2018, the Company allotted and issued a total of 7,776,120,000 ordinary shares to the investors including Jinchuan BVI, representing approximately 61.66% of the number of issued shares of the Company as enlarged by the aforesaid allotment and issue of ordinary shares.

These ordinary shares ranked pari passu with all the existing shares at the date of allotment and among themselves in all respects. The aggregate outstanding principal amount of the PSCS has been reduced to US$88,461,539 immediately after the Conversion. The issued share capital of the Company has been increased to 12,609,873,051 shares upon above mentioned allotment and issue of the ordinary shares.

During the reporting period, no new shares have been issued by the Company pursuant to the terms of the PSCS.

Liquidity, Financial Resources and Capital Structure

As at 30 June 2019, the Group had bank balances and cash of US$88.7 million as compared to US$78.9 million as at 31 December 2018.

As at 30 June 2019, the Group had total bank borrowings of US$268.4 million (31 December 2018: US$289.3 million) in which the bank borrowings of US$158.9 million (31 December 2018: US$165.5 million) are due within one year, bank borrowings of US$109.5 million (31 December 2018: US$123.8 million) are due within 2 to 5 years and no bank borrowings due over 5 years.

As at 30 June 2019, the Group had loans from related companies of US$134.9 million (31 December 2018: US$131.9 million) which are due within one year.

The gearing ratio of the Group as at 30 June 2019 was 32% compared to 34.9% as at 31 December 2018. Gearing ratio is defined as net debt over total equity, and net debt is derived from total borrowings (including amount due to an intermediate holding company and amount due to a fellow subsidiary) less bank balances and cash. The decrease in the gearing ratio was due to the decrease in bank borrowings as at 30 June 2019 as compared to 31 December 2018 and increase of net asset in the six months ended 30 June 2019. The Group has repaid part of the bank borrowings by using the cashflow generated from Kinsenda.

For the period under review, the Group has financed its operations with loan facilities provided by banks, borrowings from related companies and internally generated cash flows.

Material Acquisitions and Disposals of Investments

During the six months ended 30 June 2019, there is no material acquisition or disposal of subsidiaries, associates and joint ventures.

Significant Events

On 29 March 2019, Metorex, a wholly-owned subsidiary of the Company, and 金誠信礦業管理股份有限公司 (JCHX Mining Management Co., Ltd.*) ("**JCHX**") entered into a non-legally binding memorandum of understanding. Pursuant to the memorandum of understanding and subject to the entering into of a formal agreement, Metorex shall cause its wholly-owned subsidiary incorporated in the South Africa, Ruashi Holdings, to allot new shares in favour of JCHX. If the proposed allotment of shares contemplated under the memorandum of understanding materializes, and depending on the final terms to be agreed between the parties, Ruashi Holdings will become a non wholly-owned subsidiary of the Group. The proposed allotment of shares will be a deemed disposal of an interest in a subsidiary of the Company for purpose of the Listing Rules.

The memorandum of understanding merely provides a framework of cooperation between Metorex and JCHX. The terms of cooperation contemplated under the memorandum of understanding are subject to the terms of any definitive agreement(s) which Metorex and JCHX may subsequently enter into from time to time.

Significant Capital Expenditures

During the six months ended 30 June 2019, the Group acquired property, plant and equipment amounting to US$19.0 million (six months ended 30 June 2018: US$12.7 million) and incurred expenditures on exploration and evaluation assets amounting to US$2.0 million (six months ended 30 June 2018: US$1.4 million) for the Group's mining operations. During the period, the Group recognised US$2.5 million of right-of-use assets.

Details of Charges on the Group's Assets

As at 30 June 2019 and 31 December 2018, none of the Group's assets were pledged or subject to encumbrance to secure general banking facilities granted to the Group.

* *For identification purposes only*

Details of Contingent Liabilities

As previously disclosed, the Group has an on-going legal dispute over the payment of overdue royalties for years from 2009 to 2017, together with interest, mineral content fee and alleged compensation for loss of the dividend with a non-controlling shareholder of a subsidiary of the Group (the "**Non-controlling Shareholder of a Subsidiary of the Group**").

As at 31 December 2018, after taking into consideration of a legal opinion, the possible future outcome of matters under dispute based on the then available information as assessed by the management, the Group has made a provision and accruals in the consolidated financial statements.

As disclosed in the announcement published by the Company on 8 May 2019, the Non-controlling Shareholder of a Subsidiary of the Group increased its quantum of claims from approximately US$100 million to approximately US$150 million.

After further consultation with legal and related advisors and the assessment by the management based on the currently available information, the management is of a view that the increased quantum of claims does not affect the merit of the case. As such, the Group does not consider it necessary to increase the provision and accruals for the legal claims. Nevertheless, for overall business strategic purpose, ongoing negotiation with the Non-controlling Shareholder of a Subsidiary of the Group is being undertaken with a view of achieving an amicable settlement.

As at the date of this announcement, the Group has not been informed of any further substantive progress of the legal dispute being undertaken by the Non-controlling Shareholder of a Subsidiary of the Group. The Group has commenced arbitration proceedings and the formal hearing is expected to be held in the International Court of Arbitration in Paris in the fourth quarter of 2019.

Foreign Exchange Risk Management

The reporting currency of the Group is US$ and the functional currencies of subsidiaries of the Group are mainly US$ and RMB. The Group is also exposed to currency change in HK$, ZAR, CDF and ZMW. Given the exchange rate peg between HK$ and US$, the Group is not exposed to significant exchange rate risk of HK$. The Group's significant assets are in the DRC, Zambia and the PRC and the Group is exposed to fluctuation in CDF, ZMW and RMB. The Group monitors its exposure to foreign currency exchange risk on an on-going basis.

PROSPECT

Global mining industry underwent severe challenges for the past few years. Commodities price has been in a roller coaster in 2018 and 2019, and especially in the case for cobalt. Cobalt price started 2018 standing at US$35/lb, reached highest point at US$43.7/lb on 25 April 2018 when market was stocking up cobalt for the rapid development of electric vehicle's battery market, and ended 2018 at US$26.5/lb owing to the rising supplies produced by artisanal miners in the DRC, and a surplus in supply of cobalt chemicals for the production of rechargeable batteries for electric vehicles in the PRC.

The fall in cobalt price continued in 2019 and reached US$13.35/lb by the end of June 2019 as supply of cobalt by artisanal miner continue to increase. The fall continued after June reached low point of US$12.2/lb by start of August 2019. With the news of major cobalt suppliers limiting their cobalt production in the near future, cobalt price has since rebounded to approximately US$15.7/lb level as at the date of this announcement.

The Group was able to benefit from the high cobalt price in the first half of 2018 by increasing its cobalt production in the first half of 2018 via processing more high cobalt grade ore in Ruashi Mine. The average cobalt price realized by the Group was US$33.7/lb in the first half of 2018. Cobalt production remained at a high level as a result of higher ore throughput in the first half of 2019. But as cobalt price decreased significantly and as a result of the adjustment to previous year's provisional invoice amount recognised, the average realized cobalt price has dropped to US$4.7/lb in the first half of 2019. Moreover, in view of the low cobalt price, the Group has strategically slowed its sale of cobalt to connected party and has increased its storage of cobalt inventory, leading to the significant decrease in cobalt quantity sold by approximately 67% in the first half of 2019 as compared to the corresponding period in 2018. Approximately 3,200t of cobalt inventory was recorded as at 30 June 2019 with a net realization value of approximately US$65 million under the current market terms. The Group believes commodities prices will gradually rebound in the second half of the year and that the Group has the ability to sell its inventories in the global commodity market quickly to realise its inventories' value. The Group will continue to monitor the commodity market price fluctuation closely in order to react timely to market changes, and will continue to expand its customer base in search of best market term available. The Group has started the negotiation with cobalt customer(s) in setting relevant contract terms and the Group will continue to monitor the performance of cobalt price in the near future and will further decide our marketing strategies.

Both the DRC and Zambia government had recently revisited their mining legislations. Copper and cobalt royalties in the DRC were raised from 2% to 3.5% in June 2018 and the DRC government has further declared cobalt as a "strategic" mineral and nearly tripling the royalty rate to 10% near the end of 2018. Crossing the border, the Zambia government has implemented a new 5% import tax on copper concentrates produced in the DRC and exported to Zambia for processing, with effect from 1 January 2019. The implementation of the new DRC Mining Code and Zambia import tax have significantly impacted the Group's sales strategy and cashflow.

Cobalt market will continue to be difficult to operate in the second half of 2019. The Group will continue to monitor all factors causing market fluctuation and will ensure the Group is able to respond to any market changes in a prepared and timely manner.

We are confident that the demand and supply of cobalt will remain strong and cobalt price will bounce back. Analysts predict that the long term demand for cobalt will grow from 125,000t in 2018, of which the electric vehicle battery sector accounts for 20%, to 185,000t in 2023, of which the electric vehicle battery sector account for 35%. Together with the shift of focus in producing cobalt in 2018 back to producing copper by some miners, global cobalt production growth is expected to be slowed down in 2019. We also anticipate that as manufacturers and traders drain their stock, the year long downward trend of cobalt price will come to an end, and heathier and more sustainable demand for it will lead the gradual recovery of cobalt price.

Copper demand from the PRC will also remain strong. PRC Custom figures show that the annual copper concentrate import rose to an all-time high of 19.72 million tonnes in 2018, representing a 13.7% increase compared to 2017. According to the International Copper Study Group (ICSG), projections indicate a deficit in world refined copper of approximately 190,000t in 2019 and 250,000t in 2020.

With Kinsenda Mine already producing at full capacity, the Group's focus in the near future is the construction of the Musonoi copper-cobalt mine in Kolwezi, the DRC and the development of the Ruashi's sulphide deposit. Early stage construction work was started at Musonoi Project in late 2018.

Exploration work will continue in Ruashi's sulphide zone below oxide, Musonoi Project deeper area and Kinsenda Mine infill drilling.

To be a world-class mineral corporation is the ultimate goal of the Group. Apart from the existing operations in Africa and the recent set-up trading arm in Shanghai, the Group will actively look into the market and seek for investment opportunities which can provide the Group with growth and synergies while strictly comply with the regional regulation in order to give investors and shareholders confidence in supporting the Group.

Also, with the continuous support of the JCG and prudent strategic planning of the Board, the Group remains confident that the performance of the Group will overcome the disadvantages and stand out from the crowd under such unfavorable market conditions, and create values for the stakeholders of the Company.

More efforts had been put towards new business development, in particular identifying opportunities at southern Africa which was close to our existing mines to look for synergy. We will continually, prudently and actively pursue any new business development opportunity.

We will continue to improve quality, efficiency and production. The Company strives to continuously and significantly reduce production costs, with its strategy of "Improvement on Cobalt and Maintaining Growth on Copper" to increase production and sales and achieve better profitability.

EMPLOYEES

As at 30 June 2019, the Group had 1,779 (31 December 2018: 1,850) permanent workers and 2,845 (31 December 2018: 2,453) contractor's employees. Employees of the Group receive competitive remuneration packages including salary and medical and other benefits. Key staff may also be entitled to performance bonuses and grant of option shares of the Company.

DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

AUDIT COMMITTEE

The primary duties of the audit committee of the Company (the "**Audit Committee**") include review of the effectiveness of the Group's financial reporting process, internal control and risk management systems, overseeing the audit process and performing other duties as may be assigned by the Board from time to time. The Group's condensed consolidated financial statements for the six months ended 30 June 2019 have been reviewed by the Audit Committee.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is committed to establishing and maintaining high standards of corporate governance to enhance shareholders' interest and promote sustainable development. The Company has applied the principles and complied with all applicable code provisions of the CG Code as set out in Appendix 14 of the Listing Rules during the six months ended 30 June 2019.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code, as set out in Appendix 10 to the Listing Rules, as its own code of conduct regarding Director's dealings in the Company's securities. Based on specific enquiry made to all Directors, the Directors have confirmed that they have complied with the required standards as set out in the Model Code during the six months ended 30 June 2019.

PURCHASE, SALES OR REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

PUBLICATION OF FINANCIAL RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is available for viewing on the websites of the Stock Exchange and the Company. The interim report of the Company for the six months ended 30 June 2019 will be dispatched to Shareholders and published on the Stock Exchange and the Company's websites respectively in due course.

GLOSSARY

"%"	percentage
"Acquisition" or "Combination"	the acquisition by the Company of the entire equity interest in Jin Rui (along with the Metorex Group) in November 2013 pursuant to the sales and purchase agreement dated 27 August 2013, the details of which are set out in the circular of the Company dated 30 August 2013; with a total consideration of US$1,290,000,000 which was satisfied by the allotment and issue of 1,595,880,000 new ordinary shares of the Company at an issue price of HK$1 per share and the issue of PSCS of the Company in the aggregate amount of US$1,085,400,000
"Board"	the board of Directors
"BVI"	the British Virgin Islands
"CDF"	Congolese Franc, the lawful currency of the DRC
"CG Code"	Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chibuluma"	Chibuluma Mines plc, a company incorporated in Zambia and an indirect non wholly-owned subsidiary of the Company
"Chibuluma South Mine"	an underground copper mine owned by Chibuluma situated in Zambia near the town of Kalulushi
"Chifupu Deposit"	an underground copper mine under operation owned by Chibuluma which is located approximately 1.7 km southwest of Chibuluma South Mine

"Conversion"	The conversion exercised by various investors including Jinchuan (BVI) Limited, an indirect wholly-owned subsidiary of JCG, which in turn is the controlling shareholder of the Company, in respect of the conversion of the PSCS in an aggregate principal amount of US$996,938,461 into conversion shares at the conversion price of HK$1.00 per Share
"Directors"	the director(s) of the Company
"DRC"	the Democratic Republic of Congo
"Group"	the Company and its subsidiaries and associates controlled by the Company from time to time
"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"JCG"	金川集團股份有限公司 (Jinchuan Group Co., Ltd*), a state-owned enterprise established in the PRC and the controlling shareholder of the Company
"JCG Group"	collectively, JCG and its subsidiaries and associates controlled by it from time to time, and for the purpose of this announcement, excluding the Group
"JCHK"	Jinchuan Group (Hongkong) Resources Holdings Limited, an investment holding company incorporated in Hong Kong and a wholly-owned subsidiary of JCG. It indirectly owns 7,567,325,857 Shares, representing approximately 60.01% of the issued share capital of the Company as at the date of this announcement
"JCI" or "Company"	Jinchuan Group International Resources Co. Ltd, a company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 2362)
"Jin Rui"	Jin Rui Mining Investment Limited, a company incorporated in the Republic of Mauritius and a direct wholly-owned subsidiary of the Company

* *For identification purposes only*

"Jinchuan BVI"	Jinchuan (BVI) Limited, an indirect wholly-owned subsidiary of JCG
"Kinsenda"	Kinsenda Copper Company SA, a company incorporated in the DRC and an indirect non wholly-owned subsidiary of the Company
"Kinsenda Mine"	an underground copper mine owned by Kinsenda and situated in Katanga Province in the DRC
"kt"	thousand tonnes
"lb"	pound(s) (2.204 pounds=1 kilogram)
"LIBOR"	the London Interbank Offering Rate
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"LME"	London Metal Exchange, a recognized investment exchange regulated by the Financial Conduct Authority of the United Kingdom and a recognised publisher of reference prices for various metals which are timely published on its designated website (https://www.lme.com/) on a daily basis for metal and investment communities
"Lubembe Project"	a greenfield copper project owned by Kinsenda and situated in the Katanga Province in DRC
"m"	metre(s)
"MB"	Metal Bulletin, a premium intelligence service for metal and steel professionals, being part of the Euromoney Institutional Investor Plc Group of companies and a recognized publisher of reference prices for long-term cobalt trading contracts which are timely published on its designated website (www.metalbulletin.com) on a twice-a-week basis for subscribed members and publications
"Metorex"	Metorex (Proprietary) Limited, a company incorporated in South Africa and an indirect wholly-owned subsidiary of the Company

"Metorex Group"	Metorex and its subsidiaries (including Chibuluma, Kinsenda and Ruashi), the mining operation arm of the Group
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules
"Musonoi Project"	a greenfield copper and cobalt project owned by Ruashi and situated in Katanga Province in DRC
"PRC"	the People's Republic of China
"PSCS"	the perpetual subordinated convertible securities issued by the Company to satisfy part of the purchase price for the Acquisition
"RMB"	Renminbi, the lawful currency of the PRC
"Ruashi"	Ruashi Mining SAS, a company incorporated in the DRC and an indirect non wholly-owned subsidiary of the Company
"Ruashi Holdings"	Ruashi Holdings (Proprietary) Limited, a company incorporated in South Africa and a wholly-owned subsidiary of Metorex
"Ruashi Mine"	an opencast oxide copper and cobalt mine owned by Ruashi and situated in the DRC on the outskirts of Lubumbashi, the capital of Katanga province
"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 company incorporated in the PRC and a 60% owned subsidiary of the Company
"Share(s)"	Ordinary share(s) of HK$0.01 each in the share capital of the Company listed on the Stock Exchange
"Shareholder(s)"	the holder(s) of the Share(s)
"South Africa"	the Republic of South Africa
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"t"	tonne(s)
"US$"	United States dollars, the lawful currency of the United States of America
"Zambia"	the Republic of Zambia

* *For identification purposes only*

"ZAR"	South African Rand, the lawful currency of South Africa
"ZMW"	Zambian Kwacha, the lawful currency of Zambia

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

Hong Kong, 22 August 2019

As at the date of this announcement, the Board consists of two executive directors, namely Mr. Gao Tianpeng and Mr. Qiao Fugui; four non-executive directors, namely Mr. Zhang Youda, Mr. Yang Jinshan, Mr. Wang Qiangzhong 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.