Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

RESULTS

The Board is pleased to announce the audited results of the Group for the year ended 31 December 2019 together with the comparative figures in 2018 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	**2019** *US$'000*	2018 *US$'000*
Revenue	*3*	**1,246,898**	1,399,970
Cost of sales		**(1,157,834)**	(1,201,149)
Gross profit		**89,064**	198,821
Other gains and losses	*5*	**(480)**	(1,342)
Other income		**281**	286
Selling and distribution costs		**(29,306)**	(31,026)
Administrative expenses		**(43,800)**	(48,740)
Reversal of impairment loss, net	*6*	**9,654**	53,495
Finance income		**1,755**	1,984
Finance costs	*7*	**(20,743)**	(24,056)
Profit before tax	*8*	**6,425**	149,422
Income tax credit (expense)	*9*	**6,697**	(54,800)
Profit for the year		**13,122**	94,622

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME *(Continued)*

For the year ended 31 December 2019

	Notes	2019 US$'000	2018 US$'000
Other comprehensive expense:			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(525)**	(1,290)
Other comprehensive expense for the year		**(525)**	(1,290)
Total comprehensive income for the year		**12,597**	93,332
Profit for the year attributable to:			
Owners of the Company		**8,745**	66,931
Non-controlling interests		**4,377**	27,691
		13,122	94,622
Total comprehensive income attributable to:			
Owners of the Company		**8,430**	66,157
Non-controlling interests		**4,167**	27,175
		12,597	93,332
Earnings per share	*10*		
Basic (US cents)		**0.07**	0.72
Diluted (US cents)		**0.07**	0.51

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2019

	Notes	2019 US$'000	2018 US$'000
Non-current assets			
Property, plant and equipment		**688,850**	742,807
Right-of-use assets		**2,704**	–
Mineral rights		**489,389**	478,098
Exploration and evaluation assets		**146,161**	140,990
Other non-current assets		**13,639**	14,209
		1,340,743	1,376,104
Current assets			
Inventories		**201,988**	186,110
Trade and other receivables	12	**156,468**	212,065
Tax recoverable		**209**	–
Bank balances and cash		**45,215**	78,919
		403,880	477,094
Current liabilities			
Trade and other payables	13	**70,626**	73,958
Tax payable		**–**	37,713
Amount due to an intermediate holding company		**128,284**	125,453
Amount due to a fellow subsidiary		**5,134**	6,199
Amount due to a non-controlling shareholder of a subsidiary		**482**	200
Bank borrowings		**28,365**	165,521
Lease liabilities		**1,371**	–
Short-term provisions		**7,049**	9,325
Bank overdrafts		**944**	–
		242,255	418,369
Net current assets		**161,625**	58,725
Total assets less current liabilities		**1,502,368**	1,434,829

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

At 31 December 2019

	Notes	**2019** **US$'000**	2018 US$'000
Non-current liabilities			
Deferred tax liabilities		**268,805**	300,210
Bank borrowings		**209,000**	123,771
Lease liabilities		**1,367**	–
Long-term provisions		**33,007**	32,053
		512,179	456,034
Net assets		**990,189**	978,795
Capital and reserves			
Share capital	*14*	**16,166**	16,166
Perpetual subordinated convertible securities		**88,462**	88,462
Reserves		**759,985**	753,194
Equity attributable to owners of the Company		**864,613**	857,822
Non-controlling interests		**125,576**	120,973
Total equity		**990,189**	978,795

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. Its parent is Jinchuan (BVI) Limited, incorporated in the British Virgin Islands. 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 address of registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business of the Company is 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 trading of mineral and metal products.

The consolidated financial statements are presented in United States dollars ("**US$**"), which is also the functional currency of the Company.

* *For identification purposes only*

2. APPLICATION OF NEW AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

New and amendments to IFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to IFRSs issued by the International Accounting Standards Board for the first time in the current year:

IFRS 16	Leases
IFRIC 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 year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2.1 IFRS 16 "Leases"

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

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 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.

As at 1 January 2019, the Group recognised additional lease liabilities and measured right-of-use assets at the carrying amounts as if IFRS 16 had been applied since commencement dates, but discounted using the incremental borrowing rates of the relevant group entities at the date of initial application by applying IFRS 16.C8(b)(i) transition. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under IFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under IAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

(i) relied on the assessment of whether leases are onerous by applying IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" as an alternative of impairment review; and

(ii) excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

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 incremental borrowing rates applied by the relevant group entities range from 2.75% to 10%.

	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 for own use 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:	
Leased properties	1,521

The following table summarises the impact of transition to IFRS 16 on accumulated losses at 1 January 2019.

	Impact of adoption of IFRS 16 at 1 January 2019 *US$'000*
Accumulated losses	
Difference of right-of-use assets and lease liabilities at the date of initial application, 1 January 2019	22

The following adjustments were made to the amounts recognised in the 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$'000*	Adjustments *US$'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
Capital and reserve			
Accumulated losses	155,234	22	155,256

Note: For the purpose of reporting cash flows from operating activities under indirect method for the year ended 31 December 2019, movements in working capital have been computed based on opening consolidated statement of financial position as at 1 January 2019 as disclosed above.

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRS 17	Insurance Contracts[1]
Amendments to IFRS 3	Definition of a Business[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[5]
Amendments to IAS 1 and IAS 8	Definition of Material[4]
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform[4]

1 Effective for annual periods beginning on or after 1 January 2021.

2 Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

3 Effective for annual periods beginning on or after a date to be determined.

4 Effective for annual periods beginning on or after 1 January 2020.

5 Effective for annual periods beginning on or after 1 January 2022.

In addition to the above new and amendments to IFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, "the Amendments to References to the Conceptual Framework in IFRS Standards", will be effective for annual periods beginning on or after 1 January 2020.

Except for the new and amendments to IFRSs mentioned below, the Directors anticipate that the application of all other new and amendments to IFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

Amendments to IAS 1 and IAS 8 "Definition of Material"

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of "obscuring" material information in which the effect is similar to omitting or misstating the information;

- replace threshold for materiality influencing users from "could influence" to "could reasonably be expected to influence"; and

- include the use of the phrase "primary users" rather than simply referring to "users" which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all IFRSs and will be mandatorily effective for the Group's annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

*Conceptual Framework for Financial Reporting 2018 (the "**New Framework**") and the amendments to Reference to the Conceptual Framework in IFRS Standards*

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain IFRSs have been updated to the New Framework, whilst some IFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

3. REVENUE

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

	2019	2018
	US$'000	*US$'000*
Sales of copper	**924,950**	748,360
Sales of cobalt	**79,502**	235,742
Sales of aluminium ingot	**72,624**	276,815
Sales of glycol	**162,658**	132,702
Sales of zinc ingot	**13,548**	–
Sales of nickel	**–**	10,824
Others	**–**	573
Revenue from sales of commodities	**1,253,282**	1,405,016
Provisional pricing adjustment	**(6,384)**	(5,046)
Revenue – reported measure	**1,246,898**	1,399,970

All the revenue is recognised at a point in time.

4. 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.

No operating segments have been aggregated in arriving at the reportable segments of the Group.

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

- Mining operations

- Trading of mineral and metal products

Segment revenues and results

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

For the year ended 31 December 2019

	Mining operations *US$'000*	Trading of mineral and metal products *US$'000*	Total *US$'000*
Segment revenue			
Revenue	471,792	878,788	1,350,580
Inter-segment sales	(97,298)	–	(97,298)
Provisional pricing adjustment	(6,384)	–	(6,384)
	368,110	878,788	1,246,898
Segment results	6,956	2,070	9,026
Unallocated corporate income			1,560
Unallocated corporate expenses			(4,161)
Profit before tax			6,425

Inter-segment sales are charged at prevailing market price.

For the year ended 31 December 2018

	Mining operations US$'000	Trading of mineral and metal products US$'000	Total US$'000
Segment revenue			
Revenue	611,252	1,145,853	1,757,105
Inter-segment sales	(352,089)	–	(352,089)
Provisional pricing adjustment	(5,046)	–	(5,046)
	254,117	1,145,853	1,399,970
Segment results	156,090	(2,283)	153,807
Unallocated corporate income			1,271
Unallocated corporate expenses			(5,656)
Profit before tax			149,422

Inter-segment sales are charged at prevailing market price.

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

	2019 ***US$'000***	2018 *US$'000*
Mining operations	**1,653,780**	1,684,523
Trading of mineral and metal products	**87,227**	143,709
Total segment assets	**1,741,007**	1,828,232
Unallocated corporate assets	**3,616**	24,966
Consolidated assets	**1,744,623**	1,853,198

Segment liabilities

	2019	2018
	US$'000	*US$'000*
Mining operations	**480,540**	496,570
Trading of mineral and metal products	**506**	36,972
Total segment liabilities	**481,046**	533,542
Unallocated corporate liabilities	**273,388**	340,861
Consolidated liabilities	**754,434**	874,403

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

Other segment information

For the year ended 31 December 2019

	Mining operations	**Trading of mineral and metal products**	**Unallocated**	**Total**
	US$'000	***US$'000***	***US$'000***	***US$'000***
Amounts included in the measure of segment results and segment assets:				
Addition to non-current assets *(Note)*	**51,850**	**–**	**2,582**	**54,432**
Finance income	**205**	**379**	**1,171**	**1,755**
Finance costs	**19,665**	**946**	**132**	**20,743**
Impairment loss recognised in respect of property, plant and equipment	**7,323**	**–**	**–**	**7,323**
Reversal of impairment loss recognised in respect of mineral rights, net	**(16,977)**	**–**	**–**	**(16,977)**
Depreciation of property, plant and equipment	**80,828**	**14**	**168**	**81,010**
Depreciation of right-of-use assets	**105**	**423**	**792**	**1,320**
Amortisation of mineral rights	**18,086**	**–**	**–**	**18,086**

For the year ended 31 December 2018

	Mining operations *US$'000*	Trading of mineral and metal products *US$'000*	Unallocated *US$'000*	Total *US$'000*
Amounts included in the measure of segment results and segment assets:				
Addition to non-current assets *(Note)*	33,112	–	22	33,134
Finance income	423	532	1,029	1,984
Finance costs	22,111	1,472	473	24,056
Reversal of impairment loss recognised in respect of property, plant and equipment	(48,500)	–	–	(48,500)
Reversal of impairment loss recognised in respect of mineral rights, net	(4,995)	–	–	(4,995)
Depreciation of property, plant and equipment	81,200	33	13	81,246
Amortisation of mineral rights	14,954	–	–	14,954

Note: Non-current assets excluded royalty prepayment to non-controlling shareholders of subsidiaries and rehabilitation trust fund.

Geographical information

Information about the Group's revenue from external customers is presented based on geographical location of the customers. Information about the Group's non-current assets (excluding rehabilitation trust fund) are based on geographical location of the assets.

	Revenue from external customers		**Non-current assets**	
	2019	2018	**2019**	2018
	US$'000	*US$'000*	***US$'000***	*US$'000*
Hong Kong	**21,635**	–	**2,196**	421
South Africa	**–**	–	**1,320**	197
The DRC	**48,072**	–	**1,325,276**	1,324,224
Zambia	**92,809**	159,214	**11,406**	51,175
The PRC	**876,939**	1,084,416	**453**	–
Switzerland	**158,446**	161,386	**–**	–
South Korea	**2,567**	–	**–**	–
Singapore	**52,814**	–	**–**	–
	1,253,282	1,405,016	**1,340,651**	1,376,017

Information about major customers

The following is an analysis of revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group:

	2019	2018
	US$'000	*US$'000*
Customer A *(Notes a, b and c)*	**N/A**	235,742
Customer B *(Notes b and c)*	**N/A**	159,214
Customer C *(Note b)*	**158,446**	161,386
Customer D *(Notes c and d)*	**N/A**	141,428

Notes:

(a) The customer is an indirect non wholly-owned subsidiary of the ultimate holding company of the Company.

(b) Revenue from above customers is arising from both mining operations and trading of mineral and metal products.

(c) The revenue in 2019 did not contribute over 10% of the total revenue of the Group.

(d) Revenue from above customer is arising from trading of mineral and metal products.

5. OTHER GAINS AND LOSSES

	2019	2018
	US$'000	*US$'000*
Exchange losses, net	**(987)**	(1,984)
Others	**507**	642
	(480)	(1,342)

6. REVERSAL OF IMPAIRMENT LOSS, NET

	2019	2018
	US$'000	*US$'000*
Reversal of impairment loss recognised in respect of mineral rights, net	**16,977**	4,995
(Impairment loss) reversal of impairment loss recognised in respect of property, plant and equipment	**(7,323)**	48,500
	9,654	53,495

For the purpose of impairment testing, the Group's property, plant and equipment, mineral rights and exploration and evaluation assets were allocated to five cash generating units ("**CGUs**"), comprising three operating mines, one developing project and one exploration project (2018: three operating mines, one developing project and one exploration project) in Zambia and DRC, within mining operations segment. The recoverable amounts of these CGUs are determined using value in use calculations based on the management's cash flow forecasts in which key assumptions on future production level, future copper and cobalt prices and discount rates can significantly affect the discounted cash flows. The operation specific pre-tax discount rates are ranging from 16.4% to 22.6% (2018: ranging from 16.7% – 26.2%). The valuations remain sensitive to price and a deterioration/improvement in the pricing outlook may result in additional impairments/reversals.

2019

One of the operating mines in the DRC has carried on further exploration work and latest geological reports show an increase in both resources and reserves volume and hence leads to an increase in production mine life and valuation. Accordingly, the value in use has increased and there was a partial reversal of impairment of mineral rights of US$25,000,000. The valuation remains sensitive to price and further deterioration or improvement in the pricing outlook may result in additional impairment or reversal of impairment. The discount rate used in the valuation was 22.6%.

With the mine in Zambia approaching end of useful life, the mine recovery decreased. This has adverse impact on the production reserve. As a result, the related CGU was impaired by US$7,323,000 and US$8,023,000 in respect of its property, plant and equipment and mineral rights, respectively, to its estimated recoverable amount. The valuation remains sensitive to price and further deterioration or improvement in the pricing outlook may result in additional impairment or reversal of impairment. The discount rate used in the valuation was 18.5%.

2018

One of the operating mines in the DRC started commercial production during the year. Based on the resource and reserve report prepared by the external competent person, the mining reserve volume has increased when compared with prior year, the management has decided to extend the mining plan of the mine. Accordingly, the value in use has increased and there was a partial reversal of impairment of property, plant and equipment and mineral rights of US$48,500,000 and US$29,495,000, respectively. The valuation remains sensitive to price and further deterioration or improvement in the pricing outlook may result in additional impairment or reversal of impairment. The discount rate used in the valuation was 18.9%.

Based on the recent mining production, deterioration of feed grade of the operating mine in Zambia has been identified. This has adverse impact on the production reserve. As a result, the related CGU was impaired by US$24,500,000 in respect of its mineral rights to its estimated recoverable amount. The valuation remains sensitive to price and further deterioration or improvement in the pricing outlook may result in additional impairment or reversal of impairment. The discount rate used in the valuation was 16.7%.

7. FINANCE COSTS

	2019	2018
	US$'000	*US$'000*
Interest on		
Convertible securities	**88**	473
Bank and other borrowings and bank overdrafts	**14,852**	18,178
Loan from an intermediate holding company	**5,480**	5,180
Loan from a fellow subsidiary	**238**	225
Interest on lease liabilities	**85**	–
	20,743	24,056

8. PROFIT BEFORE TAX

	2019	2018
	US$'000	*US$'000*
Profit before tax has been arrived at after charging (crediting):		
Staff costs		
Directors' emoluments	**539**	334
Other staff costs		
– Salaries and other benefits	**49,121**	54,222
– Retirement benefits schemes contributions	**3,946**	4,009
	53,606	58,565
Auditors' remuneration	**486**	443
Depreciation of property, plant and equipment	**81,010**	81,246
Depreciation of right-of-use assets	**1,320**	–
Amortisation of mineral rights	**18,086**	14,954
Impairment loss on inventories (included in cost of sales)	**–**	22,809
Operating lease rentals in respect of equipment, premises and vehicles	**–**	1,160
Interest income	**(1,755)**	(1,984)

9. INCOME TAX (CREDIT) EXPENSE

	2019	2018
	US$'000	*US$'000*
The tax (credit) expense comprises:		
Current taxation		
Hong Kong Profits Tax	**–**	–
Corporate income tax in the DRC	**22,493**	45,439
Corporate income tax in Zambia	**1,388**	780
Corporate income tax in South Africa	**–**	–
Corporate income tax in the PRC	**671**	263
Under(over) provision in prior years	**156**	(697)
	24,708	45,785
Deferred taxation	**(31,405)**	9,015
	(6,697)	54,800

No provision for Hong Kong Profits Tax has been made as the Group does not have assessable profits arising in Hong Kong for both years.

Corporate income tax in the PRC is calculated at 25% on the assessable profit for the year.

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

Corporate income tax in Zambia is calculated at 30% in the current year (2018: 30%). The tax rate applicable to the assessable profits arising in Zambia for the year ranged from 30% to 45%. The applicable tax rate is determined based on a number of factors including the revenue of respective subsidiaries and the average copper price of the year.

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:

	2019	2018
	US$'000	*US$'000*
Earnings		
Earnings for the purpose of basic earnings per share	**8,745**	66,931
Added: Interest expense on PSCS	**88**	473
Earnings for the purpose of diluted earnings per share	**8,833**	67,404

	2019	2018
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**12,609,873,051**	9,286,380,667
Effect of dilutive potential ordinary shares:		
PSCS	**690,000,000**	4,013,492,384
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. DIVIDEND

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2019 of HK0.1 cent (2018: final dividend in respect of the year ended 31 December 2018 of HK0.1 cent) per ordinary share, in an aggregate amount of approximately HK$12,610,000, equivalent to approximately US$1,617,000 (2018: approximately HK$12,610,000 equivalent to approximately US$1,617,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming annual general meeting.

12. TRADE AND OTHER RECEIVABLES

	2019	2018
	US$'000	*US$'000*
Financial assets at fair value through profit or loss		
Trade receivables under provisional pricing arrangements	**73,763**	106,453
Financial assets at amortised cost		
Trade receivables	**34,224**	–
Other receivables	**9,700**	9,072
Loan to a DRC state-owned power company *(Note a)*	**–**	1,065
	43,924	10,137
Non-financial assets		
Other receivables	**2,836**	3,019
Prepayments	**1,518**	3,150
Value-added tax recoverable	**34,427**	89,306
	38,781	95,475
	156,468	212,065

Note:

(a) It represents a loan provided to a DRC state-owned power company for the construction and commissioning of a high-voltage powerline and substation in the DRC to secure the future power supply to the Group. The loan carried interest at London Interbank Offered Rate ("**LIBOR**") plus 2% per annum. It is unsecured and has no fixed repayment term and has been settled in full during the year ended 31 December 2019.

Included in trade receivables as at 31 December 2019 was an amount due from a fellow subsidiary of US$7,933,000 (2018: US$44,273,000), which was of trade nature. The Group provided this fellow subsidiary with an initial credit period of 8 days.

The Group provided customers (other than its fellow subsidiaries) with a credit period ranging from 5 days to 30 days (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 31 December 2019, the amounts of trade receivables under provisional pricing arrangements had been adjusted for US$5,895,000 (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 concentration of credit risk where a debtor, constitutes 14% (2018: 42%) of trade receivables.

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

	2019 ***US$'000***	2018 *US$'000*
Within 3 months	**93,922**	68,363
4 to 6 months	**5,133**	35,502
7 to 12 months	**999**	2,588
Over 1 year	**7,933**	–
	107,987	106,453

As at 31 December 2019, included in trade receivables under provisional pricing arrangement is an amount due from a fellow subsidiary of US$7,933,000 (2018: US$44,273,000) which was past due and was included in financial assets at fair value through profit or loss.

As at 31 December 2019, trade receivables at amortised cost with aggregate carrying amount of US$34,224,000, are not yet past due.

13. TRADE AND OTHER PAYABLES

	2019 ***US$'000***	2018 *US$'000*
Financial liabilities at fair value through profit or loss		
Trade payables under provisional pricing arrangements	**24,453**	26,257
Financial liabilities at amortised cost		
Other payables	**3,662**	5,315
Non-financial liabilities		
Other payables and accruals	**42,511**	42,386
	70,626	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.

Certain 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 year ended 31 December 2019 and 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.

	2019	2018
	US$'000	*US$'000*
Within 3 months	**21,358**	23,472
4 to 6 months	**799**	359
7 to 12 months	**1,168**	2,426
Over 1 year	**1,128**	–
	24,453	26,257

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

14. 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 31 December 2019	20,000,000,000	200,000
Issued and fully paid:		
At 1 January 2018	4,833,753,051	48,338
Issue of new shares by conversion of PSCS	7,776,120,000	77,761
At 31 December 2018 and 31 December 2019	12,609,873,051	126,099

Shown in the consolidated financial statements as:

	Amount
	US$'000
At 31 December 2018 and 31 December 2019	16,166

15. CAPITAL COMMITMENTS

	2019	2018
	US$'000	*US$'000*
Capital expenditure in respect of property, plant and equipment, mineral rights and exploration and evaluation assets contracted for but not provided in the consolidated financial statements	**23,132**	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 drop of copper and cobalt prices in 2019 as compared to 2018 had given rise to negative impact on the overall financial performance for the year. The Group has increased its production volume in the year to compensate 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 located in Katanga Province, the DRC and Chibuluma South Mine (including Chifupu Deposit), a copper mine located in Zambia.

For the year ended 31 December 2019, the Group produced 73,057t of copper (2018: 61,624t) and 5,070t of cobalt (2018: 4,752t), and sold 75,549t of copper (2018: 64,101t) and 4,831t of cobalt (2018: 3,369t) which generated sales of US$387.6 million and US$77.9 million respectively (2018: US$370.5 million and US$235.7 million respectively). Copper production was 18.6% higher in 2019 as compared to 2018. The increase in copper production was mainly contributed by the increase in copper cathode produced by Ruashi Mine during the year 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 year. Cobalt production was 6.7% higher in 2019 as compared to 2018. Lower grade cobalt ore was mined in the year, 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 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 year ended 31 December 2019, Shanghai Jinchuan Junhe, a 60% owned subsidiary of the Group, has recorded a turnover of US$782 million (2018: US$794 million) via the trading of commodities, including copper cathode, nickel cathode, aluminum ingot, zinc ingot and glycol.

FINANCIAL REVIEW

The Group's operating results for the year ended 31 December 2019 are a consolidation of the results from the mining operations and the trading of mineral and metal products.

Revenue

The revenue for the year ended 31 December 2019 was US$1,246.9 million, representing a decrease of 10.9% compared to US$1,400.0 million for the year ended 31 December 2018. Revenue decreased during the year mainly due to the significant fall in commodity price during the year 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 year ended 31 December	**2019**	2018
Mining operations:		
Volume of copper sold (t)	**75,549**	64,101
Volume of cobalt sold (t)	**4,831**	3,369
Average price realized per tonne of copper *(US$)*	**5,130**	5,779
Average price realized per tonne of cobalt *(US$)*	**16,116**	69,961
Revenue from sales of copper (*US$'000*)	**387,550**	370,464
Revenue from sales of cobalt (*US$'000*)	**77,858**	235,742
Total revenue from mining operations – including provisional pricing adjustment (*US$'000*)	**465,408**	606,206
Trading of mineral and metal products:		
Revenue – trading of externally sourced mineral and metal products (*US$'000*)	**781,490**	793,764
Total Revenue (*US$'000*)	**1,246,898**	1,399,970

Note: Pricing coefficients were considered in actual sales revenue

The average benchmark LME copper and MB cobalt prices for the year ended 31 December 2019 were US$6,005/t and US$35,459/t respectively, representing a 8% and 56% decrease as compared to the average benchmark copper and cobalt for the year ended 31 December 2018 of US$6,525/t and US$81,097/t respectively.

The significant drop in benchmark copper and cobalt prices impacted negatively on revenue during the year of 2019 as compared to 2018. The average realised copper and cobalt prices (including provisional pricing adjustments) for the year ended 31 December 2019 were US$5,130/t and US$16,116/t respectively (2018: US$5,779/t and US$69,961/t).

Copper revenue from mining operations for the year ended 31 December 2019 increased by 4.6% as compared to year ended 31 December 2018. While average realized copper price recorded a decrease of 11.2% for the year ended 31 December 2019, the increase in copper sold by 17.9% offset the decrease in copper price, resulting a slight increase in copper revenue. Cobalt revenue from mining operations decreased by 67.0% from 2018 to 2019 as a result of the drop in market benchmark cobalt price and the lower pricing coefficient adopted in 2019.

The trading of mineral and metal products segment recorded a slight decrease in revenue on trading of externally sourced commodities of 1.5% from US$793.8 million for the year ended 31 December 2018 to US$781.5 million for the year ended 31 December 2019. Shanghai Jinchuan Junhe, the principal trading arm of the Group in the year ended 31 December 2019, has maintained its trading volume in 2019.

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 year ended 31 December	**2019** **_US$'000_**	2018 _US$'000_
Mining operations:		
Realisation costs	**7,685**	9,914
Mining costs	**64,797**	55,842
Ore purchase	**28,336**	75,902
Salaries and wages	**51,875**	55,205
Processing costs	**86,666**	74,996
Engineering and technical costs	**15,200**	29,434
Safety, health, environment and community costs	**5,236**	4,100
Mine administrative expenses	**33,502**	40,769
Other costs	**366**	326
Depreciation of property, plant and equipment	**80,828**	81,200
Depreciation of right-of-use assets	**105**	–
Amortisation of mineral rights	**18,086**	14,954
Movement in inventories	**(13,382)**	(33,752)
Sub-total	**379,300**	408,890
Trading of mineral and metal products:		
Purchase of commodities	**778,534**	792,259
Total Cost of Sales	**1,157,834**	1,201,149

Cost of mining operations decreased by 7.2% to US$379.3 million (2018: US$408.9 million) for the year ended 31 December 2019 principally due to less foreign ore was secured by Ruashi Mine during the year as Ruashi Mine focused on the development of own mine resources and hence resulted in the increase in mineral rights amortisation and mining costs in the year. Increase in processing cost was in line with the increase in refining volume and production volume in the year.

Cost of trading of mineral and metal products decreased by 1.7% to US$778.5 million (2018: US$792.3 million) for the year ended 31 December 2019, in line with the decrease in trading revenue.

Gross Profit

Gross profit of the Group decreased by 55.2% from US$198.8 million for the year ended 31 December 2018 to US$89.1 million for the year ended 31 December 2019. The exceptional high copper and cobalt prices in the first half of 2018 was the main cause of decrease in gross profit where gross profit margin for the first half of 2018 was 22.2%. The gross profit margin in the second half of 2018 and the financial year 2019 was 3.5% and 7.1% respectively.

Net Finance Costs

For the year ended 31 December	**2019** ***US$'000***	2018 *US$'000*
Finance income	**1,755**	1,984
Finance costs	**(20,743)**	(24,056)
	(18,988)	(22,072)

The net financing costs decreased by 14.0% from US$22.1 million for the year ended 31 December 2018 to US$19.0 million for the year ended 31 December 2019. Decrease in financing cost relates to the gradual repayment of bank borrowings and the decrease in bank loan interest rates, which are mainly floating and denominated in LIBOR.

Other Gains and Losses

The decrease in other losses for the year ended 31 December 2019 was mainly due to the decrease in unrealised exchange losses from US$2.0 million in the year ended 31 December 2018 to US$1.0 million in the year ended 31 December 2019.

Selling and Distribution Costs

The costs mainly represent the off-mine costs incurred when the Group sells its copper and cobalt products 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 year ended 31 December	**2019** **US$'000**	2018 US$'000
Off-mine costs:		
Clearing costs of export	**4,617**	3,586
Transportation	**23,121**	25,037
Others	**1,568**	2,403
Total Selling and Distribution Costs	**29,306**	31,026

Selling and distribution costs decreased slightly by 5.5% from US$31.0 million for the year ended 31 December 2018 to US$29.3 million for the year ended 31 December 2019. Despite an increase in sales volume in the year ended 31 December 2019, the decrease in selling and distribution costs was primarily due to the decrease in transportation cost as part of the copper concentrate previously sold by our DRC operations to refineries in Zambia was now sold to a DRC refinery starting from August 2019.

Administrative Expenses (include Royalty Expenses)

Administrative expenses decreased by 10.1% from US$48.7 million for the year ended 31 December 2018 to US$43.8 million for the year ended 31 December 2019. The decrease in administrative expenses was mainly due to the stricter control on cost in the year, which was offset by the increase in royalties expenses, especially in the DRC. Royalty expenses increased from US$33.9 million in the year ended 31 December 2018 to US$36.1 million in the year ended 31 December 2019.

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 credit of US$6.7 million was derived for the year ended 31 December 2019 as compared to an income tax expense of US$54.8 million for the year ended 31 December 2018. The decrease in income tax expense was primarily due to the decrease in taxable profit in 2019 and the recognition of tax deduction on qualified capital expenditures.

Profit for the Year

As a result of the above, the Group recorded a consolidated profit of US$13.1 million for the year ended 31 December 2019 as compared to that of US$94.6 million for the year ended 31 December 2018.

Profit Attributable to Shareholders

Profit attributable to shareholders of the Company for the year ended 31 December 2019 was US$8.7 million, representing a decrease of 87% compared to profit attributable to shareholders of the Company for the year ended 31 December 2018 of US$66.9 million.

The deterioration in the Group's profit attributable to shareholders of the Company in 2019 as compared to 2018 was mainly due to:

1. materially lower prices for benchmark copper and cobalt for the year ended 31 December 2019 as compared to 2018 with average LME copper and MB cobalt prices falling by approximately 8% and 56% respectively from 2018 to 2019;

2. the Group recorded a net reversal of impairment loss of US$9.7 million in the year ended 31 December 2019, as compared to the net reversal of impairment loss of US$53.5 million recorded in the year ended 31 December 2018;

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. Royalties expenses have increased from US$33.9 million in the year ended 31 December 2018 to US$36.1 million in the year ended 31 December 2019; and

4. the subsidiaries entered into a settlement agreement with the non-controlling shareholder of the subsidiary on 11 November 2019 relating to payment of a settlement sum of US$25,000,000. For more details, please refer to the "Details of Contingent Liabilities" section of this announcement.

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 year ended 31 December	**2019** ***US$'000***	2018 *US$'000*
Cash costs as reported in the income statement:		
Direct and indirect mining cost	**322,989**	371,799
Adjustment for change in inventory	**(13,382)**	(33,618)
C1 cash costs (excluding by-product credit)	**309,607**	338,181
Less: cobalt (by-product) revenue	**(77,858)**	(235,742)
C1 cash costs (including by-product credit)	**231,749**	102,439
Copper sold (t)	**75,549**	64,101
C1 cash cost per tonne of copper (excluding by-product credit) (US$/t)	**4,098**	5,275
C1 cash cost per tonne of copper (including by-product credit) (US$/t)	**3,068**	1,598

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 year ended 31 December	**2019** **US$'000**	2018 US$'000
Profit for the year	**13,122**	94,622
Add: Net finance costs	**18,988**	22,072
(Less) Add: Income tax (credit) expense	**(6,697)**	54,800
Add: Depreciation of property, plant and equipment	**81,010**	81,246
Add: Depreciation of right-of-use assets	**1,320**	–
Add: Amortisation of mineral rights	**18,086**	14,954
Less: Reversal of impairment loss recognised in respect of mineral rights and properties, plant and equipment	**(25,000)**	(77,995)
Add: Impairment loss recognised in respect of mineral rights and properties, plant and equipment	**15,346**	24,500
EBITDA	**116,175**	214,199

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) Limited, 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) Limited, 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 was reduced to US$88,461,539 immediately after the Conversion. The issued shares of the Company was increased to 12,609,873,051 Shares upon above mentioned allotment and issue of the ordinary shares.

During the year ended 31 December 2019, no new shares have been issued by the Company pursuant to the terms of the PSCS.

Liquidity, Financial Resources and Capital Structure

As at 31 December 2019, the Group had bank balances and cash of US$45.2 million as compared to US$78.9 million as at 31 December 2018.

As at 31 December 2019, the Group had total bank borrowings and overdrafts of US$238.3 million (31 December 2018: US$289.3 million) in which the bank borrowings and overdrafts of US$29.3 million (31 December 2018: US$165.5 million) are due within one year, bank borrowings of US$209.0 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 31 December 2019, the Group had loans from related companies of US$133.9 million (31 December 2018: US$131.9 million) which are due within one year.

The gearing ratio of the Group as at 31 December 2019 was 33.0% 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 and overdrafts (including amount due to related companies) less bank balances and cash. The slight decrease in the gearing ratio was due to the decrease in bank borrowings as at 31 December 2019 as compared to 31 December 2018 and increase of net asset in year ended 31 December 2019. The Group has repaid part of the bank borrowings by using the cashflow generated from Kinsenda.

For the year ended 31 December 2019, 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 year ended 31 December 2019, there was 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 (the "**MOU**"). Pursuant to the MOU and subject to the entering into of a formal agreement, Metorex shall cause its wholly-owned subsidiary incorporated in South Africa, Ruashi Holdings, to allot new shares in favour of JCHX. If the proposed allotment of shares contemplated under the MOU 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 MOU merely provides a framework of cooperation between Metorex and JCHX. The terms of cooperation contemplated under the MOU are subject to the terms of any definitive agreement(s) which Metorex and JCHX may subsequently enter into from time to time. The MOU shall be deemed to be terminated if Metorex and JCHX do not sign any legally binding contract within 365 days from the date of the MOU.

* *for identification purposes only*

Significant Capital Expenditures

During the year ended 31 December 2019, the Group acquired property, plant and equipment amounting to US$34.4 million (2018: US$14.7 million), mineral rights assets amounting to US$12.4 million (2018: Nil), and incurred expenditures on exploration and evaluation assets amounting to US$5.2 million (2018: US$18.4 million) for the Group's mining operations. During the year, the Group recognised US$2.5 million of right-of-use assets.

Details of Charges on the Group's Assets

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

Details of Contingent Liabilities

Reference is made to the Company's announcements dated 8 May 2019 and 1 August 2019, Interim Report 2019 published on 26 September 2019 and the announcements dated 21 October 2019 and 11 November 2019 regarding a legal dispute with a non-controlling shareholder of a subsidiary of the Group (the "**Non-controlling Shareholder of a Subsidiary**"). As a result, the Non-controlling Shareholder of a Subsidiary initiated arbitration proceedings against Ruashi Holdings, an indirect wholly-owned subsidiary of the Company, and Ruashi, an indirect non wholly-owned subsidiary (in which Ruashi Holdings holds 75% interest and the Non-controlling Shareholder of a Subsidiary holds 25% interest), claiming for, among others, payment of: (i) alleged overdue royalties for the years from 2009 to 2018, together with interests; (ii) an additional pas-de-porte, and (iii) alleged compensation for the non-payment of dividends to the Non-controlling Shareholder of a Subsidiary.

On 11 November 2019, Ruashi Holdings and Ruashi entered into a settlement agreement (the "**Settlement Agreement**") with the Non-controlling Shareholder of a Subsidiary of the Group, pursuant to which, without admitting any fault or liability or damages of either party, Ruashi Holdings and Ruashi agreed to pay to the Non-controlling Shareholder of a Subsidiary a settlement sum of US$25,000,000 (the "**Settlement Sum**"). The Settlement Sum represented purchase of additional mineral right of an existing mine from the non-controlling shareholder by Ruashi Holdings in an amount of US$12,400,000 and the remaining amount of US$12,600,000 represented royalties payments which Ruashi has provided for in the consolidated financial statements in current and prior years. Closing took place in 2019.

The Company, Ruashi Holdings and Ruashi have already invested a lot of manpower and resources since participating and defending in the litigation. The Settlement Agreement resolved the above-mentioned legal dispute and risk of material litigation, which will significantly reduce litigation costs and save manpower, material resources, time and energy, and will help the Company, Ruashi Holdings and Ruashi concentrate on carrying out the normal production and operation activities. Save as disclosed hereabove, the Company does not consider that the payment of the above Settlement Sum will have any material adverse impact on the ordinary operations and financial position of the Company, Ruashi Holdings or Ruashi.

The Settlement Agreement entered into by Ruashi Holdings and Ruashi is solely in the interest of avoiding or reducing fees and expenses incurred or to be incurred from the litigation, and should not be interpreted as admission of any liability by any of them in the relevant litigation.

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 located 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 continued in early 2020. Especially for the case of cobalt where cobalt price started 2018 standing at US$35/lb, reaching highest point at US$43.7/lb on 25 April 2018 when market is 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 low point of US$12.1/lb by the end of July 2019 as supply of cobalt by artisanal miner continue to increase. In August 2019, one of the largest cobalt supplier in the world announced the partial temporary suspension of production for an expected two years limiting the global cobalt supply in the near future, cobalt price has since rebounded to US$15.1/lb by the end of 2019 and reached US$17.0/lb by the end of February 2020.

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 in 2019 as a result of higher ore throughput in 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 (including provisional pricing adjustment) has dropped to US$7.3/lb in 2019.

Both the DRC and Zambia government had recently revisited its 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 2020. 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 suspension of production by some miners, global cobalt production growth is expected to be slowed down in 2020. 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 21.99 million tonnes in 2019, representing a 11.5% increase compared to 19.72 million tonnes in 2018. According to the International Copper Study Group (ICSG), projections indicate a deficit in world refined copper of approximately 250,000t in 2020.

According to market research, electric vehicle industry worldwide will need 250% more copper by 2030 for charging stations, and each electric vehicle consumes double to triple copper as compared to conventional internal combustion engine-powered vehicle, copper will benefit from the modest growth of the electric vehicle industry.

Copper price is highly susceptible to swings in global policy and economic uncertainty. The fundamental of the copper market is sound and 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 the coronavirus has affected normal logistics arrangement globally and have delayed the resumption of refineries and factories production in the PRC after Chinese new year, which dragged down short term copper price in February and March 2020. While the precise timing of the coronavirus to be gone is unknown, a quick rebound is expected from the market after the coronavirus gone. Chile's Mining Minister predicted that the copper price will surge to US$6,600/t this year once the coronavirus passed.

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. 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, 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 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 31 December 2019, the Group had 1,761 (31 December 2018: 1,867) permanent workers and 2,778 (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 Directors recommend the payment of a final dividend of HK0.1 cent per share (2018: HK0.1 cent per share), totaling approximately HK$12,610,000 (2018: approximately HK$12,610,000). Subject to obtaining the approval at the forthcoming annual general meeting, the final dividend is expected to be paid on or before 14 August 2020.

EVENTS AFTER THE REPORTING PERIOD

(a) The assessment of the impact of the COVID-19

In view of the outbreak of the novel coronavirus pneumonia epidemic ("**COVID-19**") in late December 2019 in the PRC and the subsequent widespread worldwide, the PRC authority and government authorities worldwide have taken national prevention and control of the COVID-19. The COVID-19 has certain impacts on the business operation and overall economy in some geographical areas or industries. To a certain extent the outbreak may affect the logistic arrangement and the prospecting and review for new customers and existing customers of our mining business of the Group, and the extent of the impact will depend on the duration of the epidemic and the implementation of regulatory policies and relevant protective measures.

(b) Voluntary liquidation of Shanghai Jinchuan Junhe

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

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

Up to 31 December 2019, the operation results of Shanghai Jinchuan Junhe managed to cover the GHL's Investment Return, but overall operation, performance and the growth prospect of Shanghai Jinchuan Junhe had not been as promising as originally planned, in particular under the current challenging market conditions impacted by, among others, the spread of COVID-19. After negotiation concerning the way forward, the JV Shareholders agreed unanimously to liquidate Shanghai Jinchuan Junhe by way of shareholders' voluntary liquidation.

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

CORPORATE GOVERNANCE INFORMATION

Audit Committee

The Audit Committee of the Company has reviewed the accounting principles and standards adopted by the Group, and has discussed and reviewed the internal control, financial reporting matters and the continuing connected transactions of the Group for the year ended 31 December 2019. The audited annual results of the Group for the year ended 31 December 2019 have been reviewed by the Audit Committee. The Group's consolidated financial statements for the year ended 31 December 2019 have been audited by the Company's auditor, Deloitte Touche Tohmatsu, and an unqualified opinion has been issued.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**"), as set out in Appendix 10 to the Listing Rules, as its own code of conduct regarding Directors' dealings in the Company's securities. Following 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 year ended 31 December 2019.

Corporate Governance Code

The Company has applied the principles and complied with all applicable code provisions of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2019.

PURCHASES, SALES OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2019.

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 annual report of the Company for the year ended 31 December 2019 will be dispatched to Shareholders and published on the Stock Exchange and the Company's websites respectively in due course.

GLOSSARY

"Acquisition"	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
"CDF"	Congolese Franc, the lawful currency of the DRC
"Company" or "JCI"	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)
"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 deposit under operation owned by Chibuluma situated in Zambia which is located approximately 1.7km southwest of Chibuluma South Mine

"Co"	cobalt
"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$1.00 per Share
"Cu"	copper
"Directors"	the director(s) of the Company
"DRC"	the Democratic Republic of Congo
"EBITDA"	Earning before interest (net finance cost), income tax, depreciation and amortisation and impairment loss
"GHL"	Golden Harbour International Trading Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company
"Group"	the Company and its subsidiaries
"HK$"	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 Company
"Jin Rui"	Jin Rui Mining Investment Limited, a company incorporated in the Republic of Mauritius and a direct wholly-owned subsidiary of the Company

"Junhe Group"	Shanghai Junhe Group Co., Ltd, a company established in the PRC and the holding company of Junhe Holdings
"Junhe Holdings"	Junhe Holdings Limited, a company established in the PRC and a subsidiary of Junhe Group
"JV Shareholder(s)"	the shareholder(s) of Shanghai Jinchuan Junhe, namely, GHL and/or Junhe Holdings
"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
"km"	kilometer(s)
"kt"	thousand tonnes
"LIBOR"	the London Interbank Offered 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 (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 the DRC

"MB"	Metal Bulletin, a premium intelligence service for metaland 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
"Musonoi Project"	a brownfield copper and cobalt project owned by Ruashi and situated in north of Kolwezi town, Lualaba Province, the 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 the Company
"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
"Zambia"	the Republic of Zambia
"ZAR"	South African Rand, the lawful currency of South Africa
"ZMW"	Zambian Kwacha, the lawful currency of Zambia
"%"	percentage

By order of the Board
JINCHUAN GROUP INTERNATIONAL RESOURCES CO. LTD
Wong Hok Bun Mario
Company Secretary

* *For identification purposes only*

Hong Kong, 24 March 2020

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