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JINCHUAN金川

JINCHUAN GROUP INTERNATIONAL RESOURCES CO. LTD

金川集團國際資源有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2362)

PROFIT WARNING

This announcement is made by Jinchuan Group International Resources Co. Ltd (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The board (“**Board**”) of directors (the “**Directors**”) of the Company would like to inform the shareholders of the Company and potential investors that, based on the preliminary review of the latest unaudited consolidated management accounts of the Group and the current information available to the Board, the Group is expected to record a loss attributable to the shareholders of the Company for the six months ended 30 June 2023 (the “**Period**”) in the range between US\$0 to 20 million as compared to the profit attributable to shareholders of the Company of approximately US\$49.1 million recorded for the same period in 2022. The loss attributable to shareholders of the Company expected to record in the Period is mainly attributable to the following factors:

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

Lower prices for copper and cobalt in the first five months of 2023 as compared to the corresponding period in 2022 with average benchmark London Metal Exchange (“**LME**”) copper price and average Metal Bulletin (“**MB**”) cobalt prices falling by approximately 11.4% and 57.4% respectively, leading to a drop in revenue. Also, as a result of lower commodity price as compared to the fourth quarter of 2022, there is a downward adjustment to the provisional sales price previously recognised.

2. *Delay in the sales of cobalt products by Ruashi Mine*

The Group’s management has decided to delay the sale of the Group’s cobalt products as benchmark MB cobalt price has been falling continuously during the Period from US\$18.5 per pound at the beginning of the Period to US\$13.5 per pound as at 21 June 2023. The Group’s management is in a view that cobalt price will rebound in the second half of 2023 and the Group will increase its cobalt sale when cobalt price rebounds.

3. *Impairment of inventories*

MB cobalt market price was trading at US\$13.5 per pound as at 21 June 2023, which was the lowest level since August 2019. As cobalt market price remained at a low level, the Group estimates that an impairment loss provision on cobalt finished goods inventory will be made if cobalt market price remained at the same level by the end of June 2023.

4. *Increase in production cost*

Processing costs increased in the Period as compared to the corresponding period in 2022. Increase in processing costs was due to the increase in reagent costs and electricity expenses due to increase in market reagent price under inflation environment and the increase in power tariff charged by Société Nationale d'Électricité ("**SNEL**"), the national electricity company in the Democratic Republic of Congo (the "**DRC**").

5. *Foreign exchange loss due to the depreciation of CDF*

The reporting currency of the Group is US\$ and the functional currency of subsidiaries of the Group is US\$, while the Group's significant assets are located in the DRC. Due to the drop in the foreign exchange rate of CDF (Congolese Franc, the lawful currency of the DRC) to US\$ in the Period, if the exchange rate remains the same level by the end of June 2023, the Group's subsidiaries in the DRC are expected to record a foreign exchange loss for those assets denominated in CDF.

The information contained in this announcement is based only on the preliminary assessment by the Board upon its review of the unaudited consolidated management accounts of the Group and the current information available to the Board which have not been audited nor reviewed by the Company's independent auditor.

The overall financial results of the Group for the six months period ended 30 June 2023 will only be ascertained when all the relevant results and accounting treatments are finalised. Since the Group's financial performance will also be affected by other factors such as final confirmation of commodities volume delivered, final assay outcome available upon laboratory confirmation, the final valuation on the Group's assets and liabilities which possibly result in additional impairment loss (or gain) and/or provision to be recorded, the Company will make further announcement as and when required if there is further information in relation to the finalisation of financial results of which are material is available. Shareholders of the Company and potential investors are also advised to refer to the details of the interim results announcement of the Group for the six months ended 30 June 2023 which will be announced before the end of August 2023.

Shareholders of the Company and potential investors are advised to exercise caution when dealing in the shares of the Company, and should note that undue reliance on or use of the above information may cause investment risks.

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

Hong Kong, 23 June 2023

As at the date of this announcement, the Board comprises two executive directors, namely Mr. Gao Tianpeng and Mr. Cheng Yonghong; two non-executive directors, namely Mr. Liu Jian and Mr. Wang Qiangzhong; and four independent non-executive directors, namely Mr. Yen Yuen Ho, Tony, Mr. Poon Chiu Kwok, Mr. Yu Chi Kit and Ms. Han Ruixia.