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Wanguo International Mining Group Limited

萬國國際礦業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3939)

ANNOUNCEMENT UPDATE ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the unaudited annual results announcement for the year ended 31 December 2019 (the “**2019 Preliminary Results Announcement**”) of Wanguo International Mining Group Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 31 March 2020. Unless otherwise stated, capitalised terms used herein shall have the same meanings as defined in the 2019 Preliminary Results Announcement.

AUDITOR’S AGREEMENT ON THE 2019 ANNUAL RESULTS

As stated in the 2019 Preliminary Results Announcement, the annual results of the Group for the year ended 31 December 2019 (the “**2019 Annual Results**”) contained therein had not then been agreed with the Company’s auditors.

The Company is pleased to announce that on 29 April 2020, the Company has obtained the agreement from the Company’s auditor, Crowe (HK) CPA Limited, on the 2019 Annual Results (including the figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2019) as set out in the 2019 Preliminary Results Announcement in accordance with the requirements of Rule 13.49(2) of the Listing Rules.

The figures in the audited 2019 Annual Results remain the same as those in the 2019 Preliminary Results Announcement, except for a reclassification of secured bank borrowings to unsecured bank borrowings in the non-current liabilities.

For details of the reclassification, please refer to the table below:

BANK BORROWINGS

	Disclosure in the 2019 Preliminary Results Announcement RMB'000 (Unaudited)	2019 RMB'000 (Audited)	Change RMB'000
Unsecured bank borrowings at:			
– fixed rate	–	16,000	16,000
Secured bank borrowings at:			
– fixed rate	46,000	30,000	(16,000)
– floating rate	3,876	3,876	–
	<u>49,876</u>	<u>49,876</u>	<u>–</u>
The carrying amounts of the above borrowing are repayable:			
– within one year	30,000	30,000	–
– within a period of more than one year but not exceeding two years	16,000	16,000	–
– within a period of more than two years but not exceeding five years	–	–	–
– a period of more than five years	–	–	–
	<u>46,000</u>	<u>46,000</u>	<u>–</u>
Carrying amount of bank borrowings that contain a repayment on demand clause (shown under current liabilities)	3,876	3,876	–
	<u>49,876</u>	<u>49,876</u>	<u>–</u>
Less: Amount due within one year shown under current liabilities	(33,876)	(33,876)	–
Amount shown under non-current liabilities	<u>16,000</u>	<u>16,000</u>	<u>–</u>

The interest rates of the Group's floating rate borrowings are based on Hong Kong Interbank Offered Rate and RMB Benchmark Loan Rates issued by the People's Bank of China. Interest is reset every year.

The effective interest rates on the Group's borrowings are as follows:

	Disclosure in the 2019 Preliminary Results Announcement	2019	Change
	<i>%</i>	<i>%</i>	<i>%</i>
	(Unaudited)	(Audited)	
Effective interest rate (per annum)	<u>2.48 to 5.86</u>	<u>2.35 to 9.57</u>	<u>(0.13) to 3.71</u>

The secured bank borrowings that are denominated in currencies other than the functional currency of the relevant group entities are set out below:

	Disclosure in the 2019 Preliminary Results Announcement	2019	Change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Audited)	
HK\$	<u>3,876</u>	<u>3,876</u>	<u>–</u>

SCOPE OF WORK OF CROWE (HK) CPA LIMITED

The work performed by Crowe (HK) CPA Limited in respect of the 2019 Annual Results did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on the 2019 Preliminary Results Announcement.

EXTRACT OF INDEPENDENT AUDITOR'S REPORT

The following is an extract of the independent auditor's report on the Group's audited consolidated financial statements for the year ended 31 December 2019. The report includes paragraphs of an emphasis of matter, without qualification.

“Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 1 to the consolidated financial statements, which indicates that as at 31 December 2019 the Group's current liabilities exceeded its current assets by approximately RMB238,744,000 and the Group had capital commitments contracted for but not provided in the consolidated financial statements of approximately RMB117,304,000, of which approximately RMB63,845,000 is due for payments in the next twelve months from the date of approval of these consolidated financial statements. The Group has also incurred a net cash outflow of approximately RMB17,145,000 for the year ended 31 December 2019. The Company is in the process of renewing the existing loan facilities of the Group and is actively identifying alternative sources of funding to meet the liquidity needs of the Group for the next twelve months from the end of the reporting period. However, the eventual outcome of the renewal of loan facilities and implementation of other fund raising activities could not be determined as at the date of our report. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.”

EVENTS AFTER THE REPORTING PERIOD

Since the outbreak of the COVID-19 in China, ongoing prevention and control measures have been carried out throughout the whole world. The epidemic will impact the overall economy as well as the Group, especially the demand of processed concentrates of various metals in China. Therefore, the Group's operations and revenue may be negatively affected to a certain extent depending on the effects of the prevention and control measures, duration of the outbreak and implementation of various policies. The Company will closely monitor the situation, and assess its impacts on the Group's financial position and operating results. As it is difficult to estimate how much longer the situation will persist and the extent of impacts it may bring to the business, the Group will take a prudent approach to explore business opportunities that are beneficial to the Group and the Shareholders as a whole.

On 24 April 2020, the Company and AXF Resources Pty Limited entered into an amendment agreement to the S&P Agreement (the “**Amendment**”) in relation to acquisition of the majority shareholding in AXF Gold Ridge Pty Limited (“**AXF Gold Ridge**”), pursuant to which, amongst other things, the consideration for the Acquisition has been adjusted to AUD39.215 million (including the AUD17.110 million that has already been paid for the Reconstruction Works) and that the Company's obligations for the Reconstruction Works and for entering into the Put Option Agreement to acquire the remaining interest in AXF Gold Ridge has ceased. Please refer to the announcement of the Company dated 24 April 2020 for details.

FINAL DIVIDEND

The Board did not recommend the payment of final dividend for the year ended 31 December 2019 (2018: RMB2.78 cents per share).

ANNUAL GENERAL MEETING

The 2020 annual general meeting (the “AGM”) of the Company will be held on Friday, 26 June 2020. A notice convening the AGM will be published and despatched to the Shareholders in accordance with the requirements of the articles of association of the Company and the Listing Rules in due course.

CLOSURE OF REGISTER OF MEMBERS

To ascertain the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Monday, 22 June 2020 to Friday, 26 June 2020, both dates inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the AGM, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong, not later than 4:30 p.m. on Friday, 19 June 2020.

PUBLICATION OF 2019 ANNUAL REPORT

The 2019 annual report of the Company containing all the information required by the Listing Rules will be despatched to the Shareholders and published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company (www.wgmine.com) on or before 15 May 2020.

By Order of the Board
Wanguo International Mining Group Limited
Gao Mingqing
Chairman

Hong Kong, 29 April 2020

As at the date of this announcement, the Board comprises Mr. Gao Mingqing (Chairman), Ms. Gao Jinzhu, Mr. Xie Yaolin and Mr. Liu Zhichun as executive Directors; Mr. Li Kwok Ping and Mr. Lee Hung Yuen as non-executive Directors; and Dr. Lu Jian Zhong, Mr. Qi Yang, Mr. Shen Peng and Mr. Wang Xin as independent non-executive Directors.