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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)**

**INSIDE INFORMATION  
SETTLEMENT OF THE LEGAL DISPUTE WITH THE NON-CONTROLLING  
SHAREHOLDER OF A SUBSIDIARY OF THE GROUP  
AND  
PROFIT WARNING**

This announcement is made by Jinchuan Group International Resources Co. Ltd (the “**Company**”, together with its subsidiaries, collectively 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).

***Settlement of the legal dispute with the Non-controlling Shareholder of a Subsidiary of the Group***

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 announcement dated 21 October 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 (Proprietary) Limited (“**Ruashi Holdings**”), an indirect wholly-owned subsidiary of the Company, and Ruashi Mining SAS (“**Ruashi Mining**”), an indirect non wholly-owned subsidiary (in which Ruashi Holdings holds 75% interest and the Non-controlling Shareholder of a Subsidiary holds 25% interests), claiming for, among others, for 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 Mining entered into a settlement agreement (the “**Settlement Agreement**”) with the Non-controlling Shareholder of a Subsidiary, pursuant to which, without admitting any fault or liability or damages of either party, Ruashi Holdings and Ruashi Mining 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 is to be payable in two instalments:

- (1) US\$15,000,000 to be paid by way of wire transfer to the Non-controlling Shareholder of a Subsidiary on the signing date of the Settlement Agreement; and
- (2) US\$10,000,000 to be paid by way of wire transfer to the Non-controlling Shareholder of a Subsidiary on the date of Closing.

The Settlement Sum shall be borne and paid in manner set out below:

- (a) the total sum of US\$12,600,000 shall be settled by Ruashi Mining; and
- (b) the remaining sum of US\$12,400,000 shall be settled by Ruashi Holdings.

Closing will take place by no later than 29 November 2019 when (1) Ruashi Holdings, Ruashi Mining and the Non-controlling Shareholder of a Subsidiary have irrevocably and definitively terminated the arbitration proceedings and all claims they may have made in this regard; and (2) the parties have signed an amendment to the existing joint venture agreement of Ruashi Mining between Ruashi Holdings and the Non-controlling Shareholder of a Subsidiary for purposes of clarifying and confirming: (i) the definition of and basis for calculating royalties payable to the Non-controlling Shareholder of a Subsidiary; (ii) the definition of and basis for calculating any supplemental the *pas-de-porte* amount that may be payable to the Non-controlling Shareholder of a Subsidiary in future; and (3) payment of the remaining sum of US\$10,000,000, if it has not been paid.

The Group has made provision for litigation compensation and accrual for royalties payment of a total of US\$10,000,000 as at 31 December 2018. Based on the revised clauses in the amendment to the existing joint venture agreement of Ruashi Mining between Ruashi Holdings and the Non-controlling Shareholder of a Subsidiary, the maximum financial impact to the profit or loss of the Group for the year ending 31 December 2019 is expected to be approximately US\$15,000,000. The Settlement Sum shall be paid by the Group with its internal funds in cash.

The Company, Ruashi Holdings and Ruashi Mining have already invested a lot of manpower and resources since participating and defending in the litigation. The Settlement Agreement will resolve 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 Mining 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 Mining.

The Settlement Agreement entered into by Ruashi Holdings and Ruashi Mining 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.

### ***Profit Warning***

The board of directors (the “**Board**”) 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 substantial decrease in profit attributable to shareholders of the Company for the year ending 31 December 2019 as compared to approximately US\$66,930,000 for the year ended 31 December 2018.

The decrease is primarily attributable to the payment obligation on the part of Ruashi Holdings and Ruashi Mining under the Settlement Agreement. In addition, the Group strategically slowed its sale of cobalt in 2019 and the materially lower prices for copper and cobalt in 2019 as compared to 2018. Accordingly, the revenue of the Group is expected to be significantly lower in 2019 as compared to 2018.

The Company will continue to closely review and monitor its financial position. Depending on the overall operation performance of the Group for the whole year of 2019, the Company will publish further announcement on the indicative performance of the Group as and when necessary.

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.

**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 of  
**Jinchuan Group International Resources Co. Ltd**  
**Gao Tianpeng**  
*Executive Director*

Hong Kong, 11 November 2019

*As at the date of this announcement, the Board comprises 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.*