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江西銅業股份有限公司
JIANGXI COPPER COMPANY LIMITED

(a Sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 0358)

**ACQUISITION OF 65% EQUITY INTEREST AND
CAPITAL INCREASE IN THE TARGET COMPANY**

SHARE PURCHASE AND CAPITAL INCREASE

The Company hereby announces that on 3 January 2019, it has entered into the Equity Transfer Agreement with Guofeng Company in relation to the purchases of the Target Interests which represent 65% equity interest in the Target Company at a consideration of RMB325 million (equivalent to approximately HK\$371,000,330). The Company, Guofeng Company and the Target Company also entered into the Investment Agreement on 3 January 2019, pursuant to which, among others, upon Completion, Guofeng Company and the Company shall make capital contribution to the Target Company in proportion to their then respective shareholdings in the Target Company (i.e. 65%:35%), and increase the registered capital of the Target Company from RMB500 million to RMB1,000 million.

LISTING RULES IMPLICATIONS

Since all applicable percentage ratios in respect of the purchase of the Target Interests are less than 5%, the Share Purchase does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

Upon Completion, the Target Company will become a subsidiary of the Company and will be owned as to 65% by the Company and as to 35% by Guofeng Company. Guofeng Company being a substantial shareholder of the Target Company upon Completion, will become a connected person of the Company at the subsidiary level. Accordingly, the Capital Increase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the capital contribution in relation to the Capital Increase will be provided by the Company and Guofeng Company in proportion to the then respective shareholdings in the Target Company (i.e. 65%:35%), the Capital Increase is fully exempted from the reporting, announcement, circular and independent Shareholders' approval requirements pursuant to Rule 14A.92 of the Listing Rules.

The Board and all members of the Board warrant the truthfulness, accuracy and completeness of this announcement, and jointly and severally accept full responsibility for any false representations or misleading statements contained in, or material omission from, this announcement. This announcement is made by Jiangxi Copper Company Limited pursuant to Rule 13.10B of the Listing Rules.

BACKGROUND

The Target Company is a limited liability company established and subsisting in Yantai Economic and Technological Development Zone with a registered capital of RMB500 million. The entire equity interests in the Target Company is held by Guofeng Company. According to the announcement "65% State-Owned Equity Interests in Yantai Guoxing Copper Company Limited" published by Yantai Equity Exchange, Guofeng Company offered to transfer 65% equity interests in the Target Company on Yantai Equity Exchange. The tender price amounts to RMB325 million, and the offer commenced from 30 November 2018 and expired on 27 December 2018.

In order to utilise the respective advantages of the Company and Guofeng Company and to use the Target Company as a platform to build and operate the copper cathode project so as to achieve greater and stronger performance, on 3 January 2019, the Company, by way of bidding through open tender at a price of RMB325 million (equivalent to approximately HK\$371,000,330), entered into the Equity Transfer Agreement with Guofeng Company in relation to the transfer of the Target Interests and that following the Completion, the Company and Guofeng Company will increase the registered capital of the Target Company to RMB1,000 million.

The Share Purchase does not constitute a material asset reorganisation stipulated by the Administrative Measures for the Material Asset Reorganisations of Listed Companies (《上市公司重大資產重組管理辦法》) issued by the China Securities Regulatory Commission and it is not required to be approved by the Board and/or the general meeting pursuant to the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange and the Listing Rules.

PRINCIPAL TERMS OF THE SHARE PURCHASE

The principal terms of the Share Purchase are summarised as follows:

Transaction Arrangement

On 3 January 2019, the Company entered into the Equity Transfer Agreement and Investment Agreement with Guofeng Company and will hold 65% equity interests of the Target Company through the Share Purchase, and upon completion of the Share Purchase, the Company and Guofeng Company shall make capital contribution to the Target Company in proportion to their then respective shareholdings in the Target Company (i.e. 65%:35%), and increase the registered capital of the Target Company from RMB500 million to RMB1,000 million.

As confirmed by the parties to the Investment Agreement, the transaction procedures are as follows:

1. First Stage: Share Purchase

The Company and Guofeng Company have entered into the Equity Transfer Agreement, pursuant to which, among others, the Company acquired 65% equity interests of the Target Company and obtained the control over the Target Company. Guofeng Company shall warrant that there is no pledge over the Target Interests, and Guofeng Company shall have the right to transfer such Target Interests.

2. The Second Stage: Capital Increase

- (i) The Company and Guofeng Company unanimously agreed that, within 30 days after the completion of the change of industrial and commercial registrations in relation to the Share Purchase, the Company and Guofeng Company shall pass a resolution at a general meeting of the Target Company to approve the increase in the registered capital of the Target Company to RMB1,000 million (the “**Resolution**”). The Company and Guofeng Company should make capital contribution to the registered capital in proportion to their then respective shareholdings in the Target Company (i.e. 65%:35%).
- (ii) With regard to the Capital Increase, the Company and Guofeng Company agreed to contribute capitals according to the progress of construction of copper cathode projects. All of the capital contributions shall be made by no later than 24 months from the date of passing of the Resolution.
- (iii) Both parties agree not to transfer the shares of the Target Company within 3 years from the date of completion of the industrial and commercial registration of the Share Purchase.

- (iv) If a shareholder of the Target Company proposes to increase the registered capital of the Target Company, the other shareholder shall agree and both parties shall contribute to the additional registered capital in proportion to their shareholding; if the other shareholder is unwilling to continue its capital contribution, it shall nevertheless agree to the other party's unilateral capital contribution and co-operate on matters related to the capital increase, including but not limited to, signing of the resolution of the shareholders' meeting on the approval of the capital increase, conducting of assets valuation of the Target Company and performance of the relevant change of registration etc. If a shareholder does not agree to increase capital nor does it co-operate on the relevant procedures for capital increase, the shareholder which proposes the capital increase shall have the right to acquire all of its shareholding at the assessed price.

Corporate Governance

The corporate governance structure of the Target Company is as follows:

1. The general meeting of the Target Company is composed of all shareholders of the Target Company and is the authoritative body of the Target Company. Shareholders of the Target Company shall exercise their voting rights based on the proportion of their capital contribution.
2. The Target Company shall establish a board of directors, which shall consist of five members, of which, three members shall be recommended by the Company, one member shall be recommended by Guofeng Company and one member shall serve as an employee representative director (whom shall be elected by employees of the Target Company at the employee representatives' meeting, employee meeting or otherwise democratically). The chairman of the board of directors shall be recommended by the Company.
3. The Target Company shall establish a supervisory committee, which shall consist of three members, of which, one member shall be recommended by the Company, one member shall be recommended by Guofeng Company and one member shall serve as an employee representative supervisor (whom shall be elected by employees of the Target Company at the employee representatives' meeting, employee meeting or otherwise democratically). The chairman of the supervisory committee shall be recommended by Guofeng Company.
4. The Target Company shall appoint one general manager (whom shall be recommended by Guofeng Company) and several deputy general managers (whom shall be selected by the Target Company according to market-oriented principles and approved by the board of directors). Senior management officers, in case of same qualifications, shall be selected with priority given to those from the Company, the Target Company and Yantai Guorun Copper Co., Ltd. The Target Company shall have one chief financial officer, whom shall be recommended by the Company.

Liabilities for Breach of Contract

1. Where the Company fails to pay the consideration for the Share Purchase to Guofeng Company within the time limit and at the amount as agreed in the Equity Transfer Agreement, the Company shall pay the liquidated damages to Guofeng Company at the rate of 0.02% of overdue payment per day. In addition, Guofeng Company and the Target Company are entitled to not execute registration of the Share Purchase, hand-over materials and other relevant matters. Guofeng Company is entitled to terminate the Equity Transfer Agreement, followed by the Investment Agreement if the payment is overdue for 15 working days.
2. If Guofeng Company is unable to satisfy the agreed terms pursuant to the Investment Agreement within the time limit, the Company is entitled to adopt one or more of the following remedial measures to protect its rights:
 - (i) the Company may unilaterally terminate the Investment Agreement and other agreements in relation to the Share Purchase and Capital Increase;
 - (ii) the Company may require Guofeng Company to repurchase all the equity interests and investment held by the Company in the Target Company at the higher of the original price or the then appraisal price;
 - (iii) the Company is entitled to require Guofeng Company to pay the possession cost for the funds already paid by the Company at the annualised rate of 7%.

IMPACT OF THE SHARE PURCHASE AND THE CAPITAL INCREASE ON THE COMPANY

The Target Company is situated at a superior geographical location, and can utilize the advantage of convenient coastal traffic, after the completion of the Target Company's copper smelting project, it is expected to form the production capacity of 180,000 tonnes of copper cathode, 11.9 tonnes of gold, 147.5 tonnes of silver, 855,000 tonnes of sulphuric acid per year. The Target Company shall be incorporated into the scope of the consolidated financial statements of the Company, further strengthening the Company's position in copper smelting and achieving the goal of becoming greater and stronger.

LISTING RULES IMPLICATIONS

Since all applicable percentage ratios in respect of the purchase of the Target Interests are less than 5%, the purchase of the Target Interests does not constitute a notifiable transaction under Chapter 14 of the Listing Rules.

Upon Completion, the Target Company will become a subsidiary of the Company and will be owned as to 65% by the Company and as to 35% by Guofeng Company. Guofeng Company being a substantial shareholder of the Target Company upon Completion, will become a connected person of the Company at the subsidiary level. Accordingly, the Capital Increase constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

As the capital contribution in relation to the Capital Increase will be provided in proportion to the then respective shareholdings of the Company and Guofeng Company in the Target Company (i.e. 65%:35%), the Capital Increase is fully exempted from the reporting, announcement, circular and independent Shareholders' approval requirements pursuant to Rule 14A.92 of the Listing Rules.

INFORMATION OF GUOFENG COMPANY

Guofeng Company is a limited liability company established in the PRC and is owned by Yantai SASAC. Guofeng Company's registered address is No. 267, South Street, Zhifu District, Yantai City, Shandong Province. Guofeng Company's legal representative is Mr. Rong Feng. Its registered capital is RMB1,000 million. Its business scope includes operation and management of the stated-owned property rights (equity interests) authorised by Yantai SASAC; financing, investment and operational management of projects such as strategic investment and industrial investment by the government; capital operation of authorised stated-owned property rights and equity interests (including acquisition, restructuring and consolidation, and transfer, etc.); venture capital business; venture capital business on behalf of other organisations such as venture capital firms or individuals; provision of startup management services for startups; participation in establishment of venture capital firms and advisory companies for venture capital management; investment and financing services; consultation business; other businesses authorised by Yantai SASAC; wholesale and retail of non-ferrous mineral products, gold (spot commodity), silver (spot commodity), chemical products (excluding dangerous goods) and battery materials (excluding chemical dangerous goods); import and export of goods and technologies. (The business scope does not include projects requiring national pre-approvals and those restricted by national industry policies. Businesses that require pre-approvals according to laws and regulations can only be conducted after obtaining approvals from the relevant authorities.)

Major audited consolidated financial data of Guofeng Company for 2017 are set out as follows:

Currency: RMB Unit: 0'000

| Items | As at 31 December 2017 |
|-------------------|--|
| Total assets | 9,969,601.45 |
| Total liabilities | 5,765,632.61 |
| Net assets | 4,203,968.84 |
| | For the year ended 31 December 2017 |
| Total profit | 1,676.67 |
| Net profit | 1,676.67 |

The financial data of Guofeng Company for the year of 2017 stated above have been audited by Beijing Tianyuanquan Certified Public Accountants LLP, which has issued a standard unqualified audit report, Tianyuanquan Shen Zi [2018] No. 001091.

The consolidated net profit of Guofeng Company for the three years ended 31 December 2017 are RMB-43,425,238, RMB69,765,665 and RMB16,766,658 respectively.

INFORMATION OF THE TARGET COMPANY

The Target Company is a limited liability company established in the PRC on 16 March 2016. Its registered address is Yantai Economic and Development Zone, Shandong Province. The Target Company's legal representative is Mr. Zhang Ming and its registered capital is RMB500 million. Its business scope includes production of copper sulfate, electrolytic copper, and non-ferrous metal products; wholesale and retail of copper, aluminium, lead, zinc, nickel, tin, tellurium, platinum, palladium, bismuth and mineral products, and zinc sulfate, aluminum sulfate and derusting sand; imports and exports of goods and technologies; research and development, exchange, technology promotion and transfer services of new non-ferrous metal products; scientific research projects agency services; technical support services for scientific research enterprises; scientific and technological information consulting services; ordinary freight; investment in copper smelting related industries with internal funds (deposit taking, financing guarantee, financial management on behalf of the customers and other financial business are not allowed without the approval of financial regulatory authorities). (Businesses that require pre-approvals according to laws and regulations can only be conducted after obtaining approvals from the relevant authorities.)

Major financial data of the Target Company for 2017 and 2018 are set out as follows:

Currency: RMB Unit: 0'000

| Items | As at 31 December 2017 (audited) | As at 31 March 2018 (audited) | As at 30 September 2018 (unaudited) |
|-------------------|---|--|--|
| Total assets | 49,551.46 | 49,441.03 | 49,121.26 |
| Total liabilities | 78.82 | 56.08 | 75.48 |
| Net assets | 49,472.64 | 49,384.95 | 49,045.78 |
| Operating revenue | 0 | 0 | 0 |
| Total profit | -489.04 | -87.69 | -426.86 |
| Net profit | -489.04 | -87.69 | -426.86 |

The financial data of the Target Company for 2017 and the first quarter of 2018 stated above have been audited by Beijing Tianyuanquan Certified Public Accountants LLP, which has issued standard unqualified audit reports Tianyuanquan Shen Zi [2018] No. 001090 and Tianyuanquan Yan Shen Zi [2018] No. 000027 respectively.

Valuation of the Target Interests

Guofeng Company has engaged Yantai Jiaxin Asset Appraisal Co., Ltd.* (煙台市嘉信資產評估有限公司) to conduct valuation of the Target Company using 31 March 2018 as the benchmark date, and the valuation report “Yan Jia Ping Bao ZI [2018] No. 006” was issued accordingly. According to the aforementioned valuation report, on 31 March 2018, the appraised values of the net assets of the Target Company amounted to RMB515.1957 million. The corresponding appraised value of the Target Interests in the Target Company amounted to RMB334.8772 million.

Encumbrances on the Target Interests

According to the “Legal Opinion [2018] Shan Xin Gu ZI No. 031-1” issued by Shandong Xinshiming Law Firm, on 23 June 2017, Guofeng Company created a pledge over 245,000,000 shares of the Target Company in favour of China Construction Bank Corporation (Yantai Zhifu Branch) and proceeded with the pledge registration. China Construction Bank Corporation (Yantai Zhifu Branch) issued the “Statement on Waiver of Pre-emptive Rights”, consented to Guofeng Company’s transfer of 65% equity interests in the Target Company, and signed the “Supplemental Agreement Regarding the Contract on Pledge of Rights” with Guofeng Company, to discharge the pledge registration of the 14% equity interests in the Target Company.

SPECIAL RISKS REMINDER

While the Company and Guofeng Company will strictly adhere to the requirements under the Investment Agreement and Equity Transfer Agreement, the Completion is subject to uncertainties. Shareholders and potential investors of the Company are reminded to exercise caution when dealing in the shares of the Company.

DEFINITIONS

| | |
|-----------------------------|--|
| “Board” | the board of Directors |
| “Capital Increase” | the increase of the registered capital of the Target Company by the Company and Guofeng Company pursuant to the terms of the Investment Agreement |
| “Company” | Jiangxi Copper Company Limited, a Sino-foreign joint venture joint stock limited company incorporated in the PRC |
| “Completion” | completion of the Share Purchase |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “Director(s)” | director(s) of the Company |
| “Equity Transfer Agreement” | the asset and equity transaction agreement dated 3 January 2019 entered into between the Company and Guofeng Company in relation to the Share Purchase |
| “Guofeng Company” | Yantai Guofeng Investment Holdings Company Limited* (煙台國豐投資控股有限公司), a limited company established in the PRC, and owned by Yantai SASAC |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Investment Agreement” | the investment agreement dated 3 January 2019 entered into among the Company, Guofeng Company and the Target Company, in respect of, among other things, the Share Purchase and the Capital Increase |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |

| | |
|--------------------------|---|
| “Percentage Ratio(s)” | the applicable percentage ratio(s) as defined in Rule 14.07 of the Listing Rules |
| “PRC” | the People’s Republic of China |
| “Shares” | the ordinary share(s) of RMB1.00 each in the share capital of the Company |
| “Shareholder(s)” | the holder(s) of the Shares |
| “Share Purchase” | the share purchase of the Target Interests by the Company from Guofeng Company pursuant to the Equity Transfer Agreement |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Target Company” | Yantai Guoxing Copper Company Limited* (煙台國興銅業有限公司), a limited company established in the PRC wholly owned by Guofeng Company prior to the Share Purchase |
| “Target Interests” | the 65% equity interests in the Target Company held by Guofeng Company |
| “Yantai Equity Exchange” | Yantai Lianhe Equity Exchange Centre Co., Ltd. |
| “Yantai SASAC” | State-owned Assets Supervision and Administration Commission of Yantai Municipal Government |
| “HK\$” | Hong Kong dollars, the lawful currency of Hong Kong |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “%” | per cent |

By Order of the Board
JIANGXI COPPER COMPANY LIMITED
Long Ziping
Chairman

Nanchang, Jiangxi, the PRC, 3 January 2019

* *For identification purpose only.*

Translation of Renminbi into Hong Kong dollars is based on the exchange rate of HK\$1.00 = RMB0.87601.

As at the date of this announcement, the executive Directors are Mr. Long Ziping, Mr. Wu Yuneng, Mr. Wang Bo, Mr. Wu Jinxing, Mr. Gao Jianmin, Mr. Liang Qing and Mr. Dong Jiahui; and the independent non-executive Directors are Mr. Tu Shutian, Mr. Liu Erh Fei, Mr. Zhou Donghua and Mr. Liu Xike.