

*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.*



**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)

**CONNECTED TRANSACTION**

**EQUITY TRANSFER**

The Company hereby announces that, on 14 March 2019 (after trading hours), Kangxi Copper, a non-wholly owned subsidiary of the Company, has entered into the Equity Transfer Agreement with Sichuan JCC Rare Earths, a non-wholly owned subsidiary of JCC, in relation to the transfer of the Target Interest, that is, RMB50,000,000 equity interest in the Target Company, to Sichuan JCC Rare Earth at a total Consideration of RMB75,111,200 (equivalent to approximately HK\$87,987,255).

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Kangxi Copper is owned as to 57.14% by the Company whereas Sichuan JCC Rare Earths is owned as to 51% by JCC. JCC is a controlling shareholder of the Company, thus Sichuan JCC Rare Earths is a connected person of the Company. Accordingly, the Equity Transfer Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) with respect to the Equity Transfer is more than 0.1% but less than 5%, the Equity Transfer is subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **INTRODUCTION**

The Company hereby announces that, on 14 March 2019 (after trading hours), Kangxi Copper, a non-wholly owned subsidiary of the Company, has entered into the Equity Transfer Agreement with Sichuan JCC Rare Earths, a non-wholly owned subsidiary of JCC, in relation to the transfer of the Target Interest, that is, RMB50,000,000 equity interest in the Target Company, to Sichuan JCC Rare Earths at a total Consideration of RMB75,111,200 (equivalent to approximately HK\$87,987,255) by way of non-public agreement.

## **EQUITY TRANSFER AGREEMENT**

The principal terms of the Equity Transfer Agreement are summarised as follows:

### **Date**

14 March 2019 (after trading hours)

### **Parties**

- (1) The purchaser: Sichuan JCC Rare Earths, a 51% owned subsidiary of JCC;
- (2) The vendor: Kangxi Copper, a 57.14% owned subsidiary of the Company

### **Subject matter**

Kangxi Copper agreed to sell and Sichuan JCC Rare Earths agreed to purchase the Target Interest, that is, RMB50,000,000 equity interest in the Target Company.

There are no restrictive covenants on transfer of equity interest among shareholders of the Target Company. Kangxi Copper's ownership in the Target Interest is clear and legally effective.

On 3 May 2016, Kangxi Copper had pledged the Target Interest to JCC Finance to apply for loans. On 18 February 2019, JCC Finance issued a "Statement on Transfer of Equity Interest of Liangshan Mining & Smelting Investment Holding Co., Ltd. by Sichuan Kangxi Copper Co., Ltd." (《關於同意四川康西銅業有限責任公司轉讓涼山州礦冶投資控股有限責任公司股權的聲明》), and agreed to the transfer of the abovementioned pledged Target Interest by Kangxi Copper.

### **Consideration**

The total Consideration of the Equity Transfer shall be RMB75,111,200 (equivalent to approximately HK\$87,987,255), which amounts to 0.158% of the net assets of the Company according to the latest audited statements of the Company.

Subject to completion of the Equity Transfer, Sichuan JCC Rare Earths shall pay the total Consideration in cash and in full to the designated bank account of Kangxi Copper within 10 working days from the date of the Equity Transfer Agreement. JCC Finance shall within 10 working days from the date of the settlement of the total Consideration proceed to discharge the pledged Target Interests.

### **Liability for breach of the Equity Transfer Agreement**

Where either party fails to perform or violates the Equity Transfer Agreement, it shall be deemed as breach of contract. The defaulting party shall be liable for breach of contract to the non-defaulting party according to laws and regulations and the Equity Transfer Agreement, and pay damages at the rate of 10% of the total Consideration. Where the damages are insufficient to make up for the losses caused to the other party, the defaulting party shall also be liable to compensation. Where Sichuan JCC Rare Earths fails to pay the total Consideration within the time period agreed, it shall pay damages for overdue payment to Kangxi Copper at the rate of 1% of the total Consideration for each day of such overdue payment. Where payment has been overdue for more than 10 working days, Kangxi Copper shall be entitled to terminate the Equity Transfer Agreement and claim the payment of the aforesaid damages and compensation for losses against Sichuan JCC Rare Earths.

Any dispute in relation to the validity, performance, breach and termination of the Equity Transfer Agreement shall be settled by both parties through friendly negotiation. Where negotiation fails, either party shall be entitled to file a lawsuit to the competent People's Court in the PRC.

### **PRICING BASIS AND VALUATION OF THE TARGET INTEREST**

The Consideration was arrived at after arm's length negotiations between the parties, with reference to the appraisal value of the Target Interest as shown below.

Kangxi Copper has engaged Sichuan TianJianHuaHeng Assets Appraisal Co., Ltd.\* (四川天健華衡資產評估有限公司) to conduct valuation of the Target Interest using 31 May 2018 as the benchmark date by adopting the asset-based approach, and the valuation report "Chuan Hua Heng Ping Bao [2018] No. 153" was issued accordingly.

According to abovementioned valuation report, the appraised value of the Target Interest was RMB75,111,200, the value-added amount is RMB25,111,200 and the rate of value-add is 50.22%.

The valuation was conducted on a going-concern basis, where the asset-based approach was adopted to appraise the value of the Target Interest.

The market approach was not adopted in the valuation because there were no sufficient number of comparable enterprises which are identical or similar to the Target Company and equity transfer cases in the capital market, or even if such equity transfer cases are available, the market information, financial information and other relevant information related to such cases could not be obtained.

The income approach was not adopted in the valuation because the Target Company has yet to commence its main business, and the integration of mineral resources of the Target Company is still in progress, hence the valuer was unable to make a reasonable prediction on the future income of the Target Company.

## **REASONS FOR AND BENEFITS OF THE ENTERING INTO OF THE EQUITY TRANSFER AGREEMENT**

In 2017, in accordance with the requirements of the Sichuan Liangshan State Committee, its State Government and the Xichang City Development Plan, Kangxi Copper implemented a shutdown. To reduce losses caused by the said shutdown and recover funds as soon as possible, Kangxi Copper entered into the Equity Transfer Agreement to transfer the Target Interest by way of non-public agreement.

On 14 March 2019, the Directors (including the independent non-executive Directors but other than Mr. Long Ziping, Mr. Wang Bo, Mr. Dong Jiahui and Mr. Yu Tong who are connected directors of JCC and have abstained from voting) reviewed and approved the board resolution relating to the Equity Transfer. Save for Mr. Long Ziping, Mr. Wang Bo, Mr. Dong Jiahui and Mr. Yu Tong, none of the Directors have material interest in the Equity Transfer Agreement or is required to abstain from voting on the said board resolution.

The Directors (other than the connected directors) were of the view that the Equity Transfer complies with the relevant principles of connected transactions, the terms of the Equity Transfer are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the Equity Transfer does not damage the interests of the Company and the Shareholders.

On 14 March 2019, the independent non-executive Directors expressed independent opinion prior to the said board resolution and considered that the Equity Transfer, while not conducted in the ordinary and usual course of business of the Company, complies with the relevant principles of connected transactions, is entered into on normal commercial terms, the terms thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole, and the Equity Transfer does not damage the interests of the Company and the Shareholders.

## **FINANCIAL IMPACTS OF THE DISPOSAL AND USE OF PROCEEDS**

Upon completion of the Equity Transfer, Kangxi Copper will cease to hold any equity interest in the Target Company.

Subject to the audit to be performed by the auditors of the Company, the Board estimates that the Group will record an investment income of approximately RMB25,111,200 (before tax and expenses) on the Equity Transfer, calculated based on the difference between the Consideration and the initial capital investment in Target Interest by Kangxi Copper. The actual gain or loss as a result of the Equity Transfer to be recorded by the Group is subject to the final audit to be performed by the auditors of the Company.

The net proceeds from the Equity Transfer are intended to be used to repay the loans owed to JCC Finance.

## **LISTING RULES IMPLICATIONS**

As at the date of this announcement, Kangxi Copper is owned as to 57.14% by the Company whereas Sichuan JCC Rare Earths is owned as to 51% by JCC. JCC is a controlling shareholder of the Company, thus Sichuan JCC Rare Earths is a connected person of the Company. Accordingly, the Equity Transfer Agreement and the transactions contemplated thereunder constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

As one of the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) with respect to the Equity Transfer is more than 0.1% but less than 5%, the Equity Transfer is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

The Equity Transfer does not constitute a material asset reorganization stipulated by the Administrative Measures for the Material Asset Reorganizations of Listed Companies.

## **INFORMATION OF THE COMPANY AND KANGXI COPPER**

The Company is a Sino-foreign joint venture joint stock limited company incorporated in the PRC on 24 January 1997. The Company's main scope of operations include: mining, selection, smelting, processing of non-ferrous metals and rare metals and related technical services; smelting, calendaring and deep processing of non-ferrous metal ore, rare metals, non-metallic minerals, non-ferrous metals, and related by-products; vulcanisation work related to the above-mentioned businesses and their extension products and fine chemical products; mineral processing chemicals, rubber products; production and processing of poisons, corrosives, compressed gases,

liquefied gases; sales of self-produced products and after-sales service and related consulting services and business; geotechnical slope, measurement and culvert, tunnel engineering; mechanical and civil engineering maintenance and decoration; automotive and engineering machinery maintenance, mobile crane maintenance; steel wire enhanced hydraulic rubber hose assembly production; alloy wear-resistant product casting; manufacturing, processing, installation, maintenance and sales of specific equipment for mines and smelting; painting, insulation, anti-corrosion engineering; industrial equipment cleaning; freight forwarding, warehousing (except for dangerous goods); engaged in overseas futures hedging business; acting as agent for import and export business (the import and export of above goods does not involve goods regulated by state-owned trade and import quota licenses, export quotas, export licenses and other special provisions; except where the above projects are subject to national special provisions).

Kangxi Copper is a 57.14% owned subsidiary of the Company. Prior to its shutdown in 2017, business scopes of Kangxi Copper includes production and sale of sulphuric acids (operate under approval); production and sale of copper related products, rare precious metal products, refining of gold and silver; sale of chemical products (except dangerous goods) and other ferrous metal products; technology development services, external product cooperation, self-operated import business (items subject to approval according to law can only be operated after obtaining approval from relevant department).

In the past 12 months, other than usual connected transactions, the connected transactions between the Company and JCC amounted to RMB188.5699 million.

## **INFORMATION OF SICHUAN JCC RARE EARTHS**

Full name:	Sichuan JCC Rare Earths Company Limited* (四川江銅稀土有限責任公司)
Nature of enterprise:	Limited liability company (state-owned)
Registered address:	Rare Earth Industrial Park, Fuxing Town, Mianning County, Sichuan Province
Legal representative:	Liao Hua (廖華)
Registered capital:	RMB1,500 million
Unified social credit code:	91513433678384722K

Business scope:	Mining, smelting and separation of rare earth ores, fine and further processing and sales of relevant products, after-sale service related consulting service and business (items within above business scope that are subject to pre-approval can only be operated after obtaining the relevant licence); export of relevant rare earth products it produces, import of raw and auxiliary materials, machinery equipment, instruments and apparatus and spare and accessory parts required for its production and scientific research (except commodities and technologies prohibited by the state for its operation, import and export)
Holding shareholder and actual controller:	JCC
Development status of Sichuan JCC Rare Earths in recent three years:	As of December 2018, total assets of Sichuan JCC Rare Earths amounted to RMB4.12 billion, with the mining right of Maoniuping Rare Earth Mine in Mianning County, the second largest light rare earth mine in the PRC. Sichuan JCC Rare Earths has 4 holding subsidiaries and 3 companies under investment, which has preliminarily formed a comprehensive rare earth industry group. In the past three years, the development of Sichuan JCC Rare Earths has been strong, focusing on advancing its production under the Maoniuping Rare Earth Mine mining project to reach its targets, its construction of green mines and green factories, digital and intelligent mines and factory construction.

Major financial data of Sichuan JCC Rare Earths for 2018 are set out as follows:

*Currency: RMB Unit: 0'000*

<b>Items</b>	<b>As at 31 December 2018 (unaudited)</b>
Total assets	411,224.82
Total liabilities	222,670.00
Net assets	188,554.82
Revenue	119,181.75
Net profit	9,418.50



## INFORMATION ON THE TARGET COMPANY

Full name:	Liangshan Mining & Smelting Investment Holding Co., Ltd.* (涼山州礦冶投資控股有限責任公司)
Date of incorporation:	31 March 2015
Registered address:	No. 2, Zheng Yi South Road, Xichang
Registered capital:	RMB1,384.57 million
Business scope:	Washing and dressing, smelting and operation of non-ferrous metal, ferrous metal, rare earth metal and non-metal ores, and research and development, further processing and sales of augmented and related products; development of other mineral resources and research and development, further processing, operation and sales of related products; asset operation and management and equity interest operation and management; development and utilization of new materials and new energy, technology transfer service; equipment manufacturing industry; import and export business in international trade; acquisition, lease and disposal of assets; enterprise and asset custody; capital operation and management (items subject to approval according to law can only be operated after obtaining approval from relevant department)
Holding shareholder and actual controller:	Liangshan State-owned Investment and Development Co. Ltd.* (涼山州國有投資發展有限責任公司)

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 December 2018 (unaudited)
Total assets	177,239.15	76,509.80
Total liabilities	58,506.07	58,559.63
Net assets	118,733.08	17,950.17
Revenue	1,772.30	1,023.26
Net profit (before taxation)	(2,896.06)	(3,325.97)
Net profit (after taxation)	(2,896.06)	(3,325.97)



## **SPECIFIC RISKS REMINDER**

The parties to the Equity Transfer will strictly abide by the relevant provisions of the Equity Transfer Agreement with a view to complete the Equity Transfer, nevertheless the Equity Transfer shall be subject to risks of uncertainty.

## **DEFINITIONS**

In this announcement, the following expressions shall have the meanings set out below unless the context requires otherwise:

“Board”	the board of Directors
“Company”	Jiangxi Copper Company Limited, a Sino-foreign joint venture joint stock limited company incorporated in the PRC
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable by Sichuan JCC Rare Earths for the Equity Transfer pursuant to the terms and conditions of the Equity Transfer Agreement, that is, RMB75,111,200 (equivalent to approximately HK\$87,987,255)
“Director(s)”	director(s) of the Company
“Equity Transfer”	the transfer of RMB50,000,000 equity interest in the Target Company from Kangxi Copper to Sichuan JCC Rare Earths
“Equity Transfer Agreement”	the equity transfer agreement dated 14 March 2019 entered into between Sichuan JCC Rare Earths and Kangxi Copper in relation to the Equity Transfer
“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
“JCC”	Jiangxi Copper Corporation Limited, a controlling shareholder of the Company

“JCC Finance”	JCC Finance Company Limited, a limited liability company established in the PRC, owned as to 98.33% by the Company and 1.67% by Jiangxi Copper Products Company Limited* (江西銅業銅材有限公司), a subsidiary of the Company
“Kangxi Copper”	Sichuan Kangxi Copper Co., Ltd.* (四川康西銅業有限責任公司), a non-wholly owned subsidiary of the Company
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“percentage ratios”	the percentage ratio(s) as defined in Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China
“Shareholder(s)”	the holder(s) of the ordinary share(s) of RMB1.00 each in the share capital of the Company
“Sichuan JCC Rare Earths”	Sichuan JCC Rare Earths Company Limited* (四川江銅稀土有限責任公司), a non-wholly owned subsidiary of JCC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	Liangshan Mining & Smelting Investment Holding Co., Ltd.* (涼山州礦冶投資控股有限責任公司)
“Target Interest”	RMB50,000,000 equity interest in the Target Company
“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, 14 March 2019

\* *For identification purpose only.*

*Translation of Renminbi into Hong Kong dollars is based on the exchange rate of HK\$1.00 = RMB0.85366.*

*As at the date of this announcement, the executive Directors are Mr. Long Ziping, Mr. Wang Bo, Mr. Gao Jianmin, Mr. Liang Qing, Mr. Dong Jiahui and Mr. Yu Tong; and the independent non-executive Directors are Mr. Tu Shutian, Mr. Liu Erh Fei, Mr. Liu Xike and Mr. Zhu Xingwen.*