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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)

**DISCLOSEABLE TRANSACTION RELATING TO THE  
ACQUISITION OF THE ENTIRE ISSUED SHARE CAPITAL OF  
PIM CUPRIC HOLDINGS LIMITED**

**THE AGREEMENT**

The Company hereby announces that, on 9 December 2019, the Purchaser, a wholly-owned subsidiary of the Company, has entered into the Agreement with the Vendor in relation to the acquisition of the Target Shares, representing the entire issued capital of the Target Company at a total Consideration of USD1,115,924,287.58 (equivalent to approximately HK\$8,771,164,900). As at the date hereof, the Target Company holds 124,198,371 FQM Shares, representing approximately 18.015% of the entire issued share capital of FQM, a company whose shares are listed on TSX. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

**LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Transaction is more than 5% but all of the applicable percentage ratios are less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

**The Completion is subject to the satisfaction of the Conditions. There is no assurance that any of such Conditions will be fulfilled. Therefore, the transactions contemplated under the Agreement may or may not proceed. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

## **INTRODUCTION**

The Company hereby announces that, on 9 December 2019, the Purchaser, a wholly-owned subsidiary of the Company, has entered into the Agreement with the Vendor in relation to the acquisition of the Target Shares, representing the entire issued capital of the Target Company at a total Consideration of USD1,115,924,287.58 (equivalent to approximately HK\$8,771,164,900). As at the date hereof, the Target Company holds 124,198,371 FQM Shares, representing approximately 18.015% of the entire issued share capital of FQM, a company whose shares are listed on TSX. Upon Completion, the Target Company will become an indirect wholly-owned subsidiary of the Company.

## **THE AGREEMENT**

The principal terms of the Agreement are summarised as follows:

### **Date**

9 December 2019

### **Parties**

- (1) The Purchaser
- (2) The Vendor

The Vendor is owned as to 45% by the Purchaser, as to 45% by Long March Capital Management Ltd. and as to 10% by Dragon GP Partner Co. To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, save for the Purchaser, and that the Purchaser being one of the shareholders of the Vendor, the Vendor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

### **Assets to be acquired**

The Purchaser has agreed to purchase and the Vendor has agreed to sell the Target Shares which represent the entire issued share capital of the Target Company. The Parties have agreed to complete the Transaction by 31 December 2019 (the “**the Long Stop Date**”) free from encumbrance.

## **Assets and Liabilities of the Target Company**

The Vendor represents, warrants and undertakes to the Purchaser that, as at the date of the Agreement:

- (1) the Target Company lawfully holds 124,198,371 FQM Shares in its own name, representing approximately 18.015% of the entire issued share capital of FQM; and
- (2) the Target Company has no security or debts (including but not limited to the debts owed to the Vendor).

## **Consideration and Payment Terms**

The total Consideration of the Transaction shall be USD1,115,924,287.58 (equivalent to approximately HK\$8,771,164,900). The Consideration was arrived at after arm's length negotiations between the Vendor and the Purchaser, on the basis that the corresponding unit price of the FQM Shares held by the Target Company shall not exceed the closing price per FQM Share as quoted on the TSX on the benchmark date (i.e. 30 November 2019), which was CAD12.15 per FQM Share.

The Consideration shall be settled by the Purchaser in two instalments by depositing the Consideration in USD to the bank account of the Vendor. The first instalment in the amount of USD446,369,715.03 (equivalent to approximately HK\$3,508,465,960), being 40% of the Consideration, shall be paid within 30 days after the Completion Date, and the second instalment in the amount of USD669,554,572.55 (equivalent to approximately HK\$5,262,698,940), being 60% of the Consideration, shall be paid within 60 days after the Completion Date. The Consideration shall be financed by the Group partly by internal resources and partly through loans (including but not limited to loans to be obtained from a bank syndicate formed by the Jiangxi branch of China Development Bank, the Jiangxi branch of China Construction Bank Corporation and the Nanchang branch of CITIC Bank Co., Ltd. in a total amount of no more than USD700,000,000 (equivalent to approximately HK\$5,502,000,000)) (the "**Transaction Loan**").

## **Conditions Precedent**

The Transaction shall be subject to and conditional upon the satisfaction or waiver of the following conditions:

- (i) the Purchaser being satisfied with the results of the due diligence conducted on the Target Company and its assets and liabilities;
- (ii) the authorised internal decision-making body of the Company having examined and approved the Transaction and the financing arrangement entered into for the Transaction (if necessary);

- (iii) the authorised internal decision-making body of the Purchaser having examined and approved the Transaction and the financing arrangement entered into for the Transaction (if necessary);
- (iv) each Party having performed all the approvals, notices, filings, registrations and other obligations requested by the governmental authorities necessary for the Transaction, and obtained the relevant supporting documents, and such third parties having obtained the above documents from the government authorities or other persons, and such approvals and consents not having materially changed the commercial terms of the Agreement;
- (v) no governmental authority having enacted, promulgated, implemented or adopted any applicable law or government order that has the effect of making the transaction contemplated by the Agreement unlawful or otherwise restraining or prohibiting the Transaction;
- (vi) there having been no current or potential litigation claim made by governmental authorities or made to any governmental authorities, judicial authorities or arbitral authorities by any person against the Target Company, the Vendor or the Purchaser seeking to restrain the Transaction or, in the reasonable and good faith judgment of the Purchaser, making the consummation of the Transaction impossible or unlawful, or materially and adversely affecting the Transaction;
- (vii) since the date of signing of the Agreement, no material adverse change having occurred to the Target Company's financial status, operating results, assets, regulatory status or business, or the FQM Shares held by the Target Company, nor any single or several events having occurred which individually or jointly have a material adverse effect, and no such event having been reasonably expected to occur which may individually or jointly have a material adverse effect;
- (viii) each of the Vendor's warranties having remained true, accurate and not misleading;
- (ix) there having been no breach by the Vendor under the Agreement, or such breach having been corrected to the satisfaction of the Purchaser in a timely manner and recognised by the Purchaser; and
- (x) the Vendor having issued to the Purchaser a document or written confirmation certifying the satisfaction of the Conditions, except for those which shall be satisfied by the Purchaser.

As at the date of this announcement, the approval, registration or filing with the relevant competent PRC authorities in respect of the Transaction have been obtained.

To the extent permitted by applicable laws, the Purchaser may, in its sole discretion by written notice to the Vendor, conditionally or unconditionally waive all or part of the Conditions, in whole or in part.

If the Conditions fail to be satisfied or waived by the Long Stop Date, the Purchaser shall have the right to terminate the Agreement unilaterally, provided that the failure to satisfy any of the Conditions is not due to the Purchaser's breach of its obligations under the Agreement, and the Purchaser has not caused any material breach of the Agreement. The Agreement shall terminate on the date on which the Vendor receives written notice from the Purchaser to terminate the Agreement.

Notwithstanding any other provisions of the Agreement, if any of the Conditions has not been fulfilled or waived by the Purchaser before the Long Stop Date, the Purchaser shall be entitled to unilaterally extend the Long Stop Date.

Completion takes place on the Completion Date, being the third Business Day after the satisfaction or waiver of the Conditions or such other date as may be determined by the Parties in writing.

## **Breach**

If either Party fails or refuses to complete the Transaction and/or make any payment in accordance with the Agreement (time being of the essence), the other Party may rescind the Agreement and/or claim against the breaching Party for all losses, damages, costs and expenses incurred by the non-breaching Party as a result of the breaching Party's failure or refusal to complete the Transaction.

## **INFORMATION OF THE PARTIES INVOLVED**

### **Information of the Group**

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, milling, smelting, further processing and related technical services of nonferrous metals and rare metals; smelting, mangle processing and further processing of non-ferrous metal mines, rare metals, non-metal mines, non-ferrous metals and related by-products; sulfur chemical products and its extended products and fine chemical products related to the abovementioned operations; trading of non-ferrous metals and trading of precious metals; beneficiation pharmacy, rubber products; production and processing of toxic chemicals, corrosives, compressed gases and liquefied gases; sale and after-sale services for self-produced products together with related consultation services and businesses; geotechnical projects, surveying, tunneling projects; repair and decoration for electrical and mechanical and civil engineering works; vehicles and engineering machinery repair, mobile crane repair; production of rubber hoses assemblies-wire reinforced hydraulic type; casting of wear-

resistant alloy products; manufacturing, further processing, erection, repair and sale of mining and smelting specialized equipment; painting, insulation and anticorrosion works; cleansing of industrial equipment; freight transportation agent, warehousing (except dangerous goods); engaging in overseas futures hedging business; provision of import and export agency services (the import and export of the abovementioned commodities do not involve commodities which are subject to and regulated under specific regulations such as state trading, import quota license, export quota bidding and export quota license, except those commodities which the state has specific requirements).

The Purchaser is a limited company incorporated under the laws of Hong Kong, and a wholly-owned subsidiary of the Company. It is principally engaged in investment in the mining industry.

### **Information of the Vendor**

The Vendor, Pangaea Investment Management Ltd., is a company incorporated in the Cayman Islands with limited liability in February 2018. Its registered office is situated at 190 Elgin Avenue, George Town, Grand Cayman KY1-9007, Cayman Islands. The Vendor is owned as to 45% by the Purchaser, as to 45% by Long March Capital Management Ltd. and as to 10% by Dragon GP Partner Co. None of the Directors, supervisors or senior management of the Company is a director or senior management of the Vendor.

The Vendor is principally engaged in investment, investment management and investment consultancy. Its major business scope includes investment in the equity, mezzanine, bonds, trade financing, metal flow, etc. of natural resources and mining companies.

### **Information of the Target Company**

The Target Company, PIM Cupric Holdings Limited, is a company incorporated in the British Virgin Islands with limited liability on 25 January 2019. Its registered office is situated at Ritter House, Wickhams Cay II, Road Town, Tortola VG1110, British Virgin Islands. The Target Company has 2 issued shares which are owned by the Vendor. As at the date hereof, the ownership of the Target Shares is clear and the Target Shares are not subject to mortgage, pledges and any other restrictions on transfer. Upon Completion, the Purchaser will become the sole shareholder of the Target Company and the Target Company will become an indirectly wholly-owned subsidiary of the Company.

The Target Company is a special purpose vehicle established by the Vendor in January 2019 for the purpose of acquiring the shares and interest in FQM. The Target Company has no other actual business except for holding the shares and interest in FQM which is accounted for as an investment of the Target Company.

The major unaudited financial data of the Target Company for the period from its date of incorporation to 30 November 2019 are set out as follows:

	<b>As at</b> <b>30 November</b> <b>2019</b> <i>(unaudited)</i> <i>USD</i>
Total assets	1,136,258,812.33
Total liabilities	0
Net assets	1,136,258,812.33
Equity attributable to owners of the parent	1,136,258,812.33
	<b>For the period</b> <b>from its date of</b> <b>incorporation</b> <b>to 30 November</b> <b>2019</b> <i>(unaudited)</i> <i>USD</i>
Operating revenue	0
Net loss (both before and after taxation and extraordinary items)	1,868.47
Net loss attributable to owners of the parent	1,868.47

### **Information of FQM**

FQM is a company incorporated on 21 December 1983 under the laws of Canada, whose shares are listed on the TSX. Its registered office is situated at 14th Floor – 543 Granville Street, Vancouver, BC, Canada, V6C 1X8. FQM has 689,401,007 issued shares. Its chairman and chief executive officer is Mr. Philip Pascall.



## ***Shareholding structure***

According to the information disclosed on sedar.com, the website for disclosure of listed companies information officially designated by the securities regulatory authorities in Canada, as at 31 October 2019 (Toronto time), the shareholding structure of FQM is as follows:

<b>Name of shareholder</b>	<b>Number of shares</b>	<b>Shareholding proportion</b>
1 The Target Company	74,638,998	10.83%
2 Other shareholders holding under 10%	614,762,009	89.17%

In addition, in November 2019, the Target Company acquired 49,559,373 FQM Shares. The Target Company currently holds a total of 124,198,371 FQM Shares, representing approximately 18.015% of the entire issued capital of FQM.

*Note:* According to the securities regulatory rules of Canada, shareholders with shareholding above 10% are required to disclose their shareholding information.

## ***Major business***

FQM owns nine copper mine development projects in 8 countries including Zambia, Panama and Peru. Among them, FQM owns three world-class mines in production in Zambia and Panama, and two mines in Argentina and Peru to be developed. FQM controls a total of approximately 49.25 million tons of copper resources (Canadian NI 43-101 standard), of which the amount of copper resources attributable to FQM equity was 45.9 million tons. In addition, FQM has 2 large-scale nickel ore resources in Australia and Zambia, with a total resource of 2.38 million tons (Canadian NI 43-101 standard). FQM's actual copper production in 2018 was approximately 606,000 tons. According to the production guidelines disclosed by FQM on 30 June 2019, the estimated annual copper production of FQM for the years 2019 to 2021 will be 700,000 to 735,000 tons, 840,000 to 870,000 tons, and 820,000 tons respectively.



The major financial data of FQM for the year ended 31 December 2018 (audited by PricewaterhouseCoopers LLP) and the period from 1 January 2019 to 30 September 2019 (unaudited) respectively are set out as follows:

	<b>As at 30 September 2019</b> <i>(unaudited)</i> <i>USD (million)</i>	<b>As at 31 December 2018</b> <i>(audited)</i> <i>USD (million)</i>
Total assets	24,453	23,537
Total liabilities	13,695	12,815
Equity attributable to owners of the parent	9,538	9,507

  

	<b>For the period from 1 January 2019 to 30 September 2019</b> <i>(unaudited)</i> <i>USD (million)</i>	<b>For the period from 1 January 2018 to 31 December 2018</b> <i>(audited)</i> <i>USD (million)</i>
Operating revenue	2,783	3,966
Net profit	72	508
Net profit attributable to owners of the parent	58	441

## **REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Transaction is in line with the Company's international strategy. Through the Transaction, the Company will become FQM's single largest shareholder. The copper ore reserves controlled by FQM are abundant and it is expected to generate strong cash flow in the future. As a shareholder of the Target Company, the Company benefits from an interest in FQM copper ore resources and the expected future cash dividends, which is in line with the Company's international diversification.

Furthermore, there are complementary strengths and synergies of the Company and FQM which can enhance their value through cooperation. FQM has an excellent management team and has extensive experience in the construction and operation of mining projects. The Company can explore asset level cooperation with FQM on expansion and development of copper mine projects in their respective portfolios enhancing project profitability.

In view of the abovementioned reasons, the Board is of the view that the terms of the Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Board has, by way of written resolutions, approved the board resolutions on 9 December 2019 relating to (i) the approval of the Transaction; (ii) authorisation to the management to handle the matters relating to the Transaction (including (a) to prepare, negotiate, discuss, amend, execute and perform the various documents relating to the Transaction, such as contracts, agreements, announcements, and application documents; (b) to handle matters relating to the Transaction involving the examination, approval, registration, filing and permission of the domestic and overseas authorities; and (c) to determine and handle all other matters related to the Transaction to the extent permitted under the normative documents such as laws and regulations, and the articles of the Company); and (iii) the approval of the Transaction Loan, and authorisation to the operational management to handle the matters relating to the Transaction Loan and to execute the relevant financing documents.

## **LISTING RULES IMPLICATIONS**

As one or more of the applicable percentage ratios in respect of the Transaction is more than 5% but all of the applicable percentage ratios are less than 25%, the Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **SPECIFIC RISKS REMINDER**

The Completion is subject to the satisfaction of the Conditions. There is no assurance that any of such Conditions will be fulfilled. Therefore, the transactions contemplated under the Agreement may or may not proceed.

If there are material adverse changes in the domestic and foreign macroeconomic trends and industrial policies of the non-ferrous metal smelting industry, the price of copper metal may fall sharply in the future, posing a risk of adversely affecting FQM's future operating performance.

The Transaction involves policies and regulations in the PRC, Hong Kong and Canada. The Transaction is required to comply with relevant policies and regulations in relation to investment, acquisition, securities regulation, etc. in the PRC, Hong Kong and Canada concurrently. There exists a risk of promulgation of relevant policies and regulations which are unfavourable to the Transaction, or commencement of investigation, by the relevant regulatory authorities.

As the Transaction will be settled in USD, exchange rate fluctuations may give rise to the risk of exchange loss.

**In view of the above risks, the Shareholders and potential investors of the Company are advised to exercise caution when dealing in the shares of the Company.**

## **DEFINITIONS**

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

“Agreement”	the share sale and purchase agreement dated 9 December 2019 entered into between the Purchaser and the Vendor in relation to the Transaction
“Board”	the board of Directors
“Business Day”	a day on which the banks in Hong Kong, the PRC and the Cayman Islands are open for business
“Company”	Jiangxi Copper Company Limited, a Sino-foreign joint venture joint stock limited company incorporated in the PRC
“Completion”	completion of the Transaction pursuant to the terms and conditions of the Agreement
“Completion Date”	date of the Completion, which is the third Business Day after the fulfillment or waiver of the Conditions, or such other date as may be agreed by the Parties in writing
“Conditions”	conditions precedent under the Agreement
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration payable by the Purchaser for the Transaction pursuant to the Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“FQM”	First Quantum Minerals Ltd., a Canadian-based mining and metals company whose shares are listed on the TSX
“FQM Shares”	shares in FQM issued and outstanding

“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Parties”	the Purchaser and the Vendor, each of them being a “Party”
“percentage ratios”	the percentage ratio(s) as defined under Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Purchaser”	Jiangxi Copper (Hong Kong) Investment Company Limited, a company incorporated in Hong Kong which is directly wholly owned by the Company
“Shareholder(s)”	the holder(s) of the ordinary share(s) of RMB1.00 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Target Company”	PIM Cupric Holdings Limited, a company incorporated in the British Virgin Islands which is wholly owned by the Vendor
“Target Shares”	2 issued ordinary shares of the Target Company held by the Vendor, representing the entire issued share capital of the Target Company
“Transaction”	the proposed acquisition of the Target Shares by the Purchaser from the Vendor pursuant to the Agreement
“TSX”	the Toronto Stock Exchange
“Vendor”	Pangaea Investment Management Ltd.
“CAD”	Canadian dollars, the lawful currency of Canada
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

“USD” US dollars, the lawful currency of the United States

“%” per cent

For the purpose of this announcement, the exchange rate of USD1.00=HK\$7.86 has been used for currency conversions for illustrative purpose only.

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

Nanchang, Jiangxi, the PRC, 9 December 2019

*As at the date of this announcement, the executive Directors are Mr. Long Ziping, Mr. Zheng Gaoqing, 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.*