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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)

UPDATE ANNOUNCEMENT
DISCLOSEABLE TRANSACTION
SUBSCRIPTION OF SHARES IN THE TARGET COMPANY

NEW SUBSCRIPTION AGREEMENT

Reference is made to (i) the announcements of the Company dated 4 March 2019 and 27 June 2019 in relation to the acquisition of 273,028,960 shares of the Target Company, representing 29.99% equity interest in the Target Company at a consideration of RMB2,976,015,664, which constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and (ii) the announcement of the Company dated 24 February 2020 in relation to the subscription of 88,949,181 shares in the Target Company pursuant to the Previous Subscription Agreement at a subscription price of RMB1,032,700,000 under the non-public issuance of 273,040,476 A shares of the Target Company to the Company and 17 other subscribers.

On 20 March 2020, the CSRC has promulgated the Q&A of Regulation on Issuance - Regulatory Requirements on Matters in relation to Introduction of Strategic Investors of Non-public Issuance of Shares of Listed Companies (《發行監管問答－關於上市公司非公開發行股票引入戰略投資者有關事項的監管要求》) and has imposed further requirements on introduction of strategic investors of non-public issue of shares of listed companies. In view of the changes in the regulatory policies, the Target Company has adjusted its non-public issuance proposal. As such, the Company hereby announces that, on 12 April 2020, the Company and the Target Company agreed to terminate the Previous Subscription Agreement and entered into the New Subscription Agreement in relation to the subscription of the Subscription Shares at a total Subscription Price of RMB2,511,584,208 (equivalent to approximately HK\$2,767,768,897) (subject to the finalised number of Subscription Shares to be issued) in cash. Based on the maximum number of A shares of the Target Company to be issued pursuant to the Non-public Issuance i.e. 273,120,000 shares, it is expected that the Company will own approximately 43.15% of the total issued shares of the Target Company upon Completion and the Target Company will remain as a subsidiary of the Company.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the Subscription is more than 5% but all of them are less than 25%, the Subscription constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. If the Subscription were to be aggregated with the Previous Acquisition, since more than one of the applicable percentage ratios in respect of the Subscription and the Previous Acquisition after aggregation exceed 5% but all of the applicable percentage ratios fall below 25%, the Subscription and the Previous Acquisition remain as a discloseable transaction of the Company under Chapter 14 of the Listing Rules after aggregation.

INTRODUCTION

Reference is made to (i) the announcements of the Company dated 4 March 2019 and 27 June 2019 in relation to the acquisition of 273,028,960 shares of the Target Company, representing 29.99% equity interest in the Target Company at a consideration of RMB2,976,015,664, which constituted a discloseable transaction of the Company under Chapter 14 of the Listing Rules and (ii) the announcement of the Company dated 24 February 2020 in relation to the subscription of 88,949,181 shares in the Target Company pursuant to the Previous Subscription Agreement at a subscription price of RMB1,032,700,000 under the non-public issuance of 273,040,476 A shares of the Target Company to the Company and 17 other subscribers.

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NEW SUBSCRIPTION AGREEMENT

The principal terms of the New Subscription Agreement are summarised as follows:

Date

12 April 2020

Parties

- (1) The Company (as the subscriber)
- (2) The Target Company (as the issuer)

Assets to be acquired

Pursuant to the Non-public Issuance, the Company conditionally agreed to subscribe for and the Target Company conditionally agreed to allot and issue the Subscription Shares.

Subscription Price and number of Subscription Shares

The benchmark date (the “**Benchmark Date**”) for determining the issue price for the Non-public Issuance was the date of the Target Company’s announcement in relation to the board resolution of the second extraordinary meeting in 2020 of the ninth session of the Target Company’s board of directors. The unit price of the Subscription Shares shall be 80% of the average trading price of the Target Company’s shares for the 20 trading days immediately preceding the Benchmark Date (being total trading amount for the 20 trading days immediately preceding the Benchmark Date divided by total trading volume for the 20 trading days immediately preceding the Benchmark Date), which was RMB10.57.

If during the period from the Benchmark Date to the date of issue of the Subscription Shares, the Target Company’s shares are subject to ex-rights or ex-dividend events, such as distribution of dividends, bonus shares and capitalisation of capital reserve, the issue price of the Non-public Issuance will be adjusted accordingly.

The total number of shares to be issued under the Non-public Issuance shall not exceed 273,120,000 A shares of the Target Company, being no more than 30% of the total issued shares of the Target Company prior to the issuance. As such, the Company shall subscribe for 237,614,400 A shares of the Target Company in cash (subject to the finalised number of shares to be issued under the Non-public Issuance as approved by the CSRC).

If during the period from the Benchmark Date to the date of issue of the Subscription Shares, the Target Company's shares are subject to ex-rights events, such as distribution of bonus shares and capitalisation of capital reserve, the number of shares to be issued under the Non-public Issuance will be adjusted accordingly.

The total number of shares to be issued under the Non-public Issuance is subject to the number approved by the CSRC. If some of the subscribers under the Non-public Issuance decide not to subscribe for all or part of their portion of shares, the Company is entitled to subscribe for such shares.

The Subscription Price shall be RMB2,511,584,208 which is calculated by multiplying the number of Subscription Shares (i.e. 237,614,400 A shares of the Target Company) by the unit price per Subscription Share (i.e. RMB10.57). The final Subscription Price shall be determined by the finalised total number of Subscription Shares.

Payment Terms

The Company agrees to pay the Target Company a performance bond ("**Performance Bond**") within 10 working days from the date of the Target Company's shareholders' meeting approving the Non-public Issuance. The Performance Bond shall amount to 1% of the Subscription Price, the maximum of which shall not exceed RMB1,000,000 (excluding interest).

After the Non-public Issuance has been formally approved by the CSRC, the Company shall transfer the first tranche of the Subscription Price to the bank account (the "**Bank Account**") established by the Sponsor specifically for the purpose of the Non-public Issuance on the payment date determined by the Target Company and the Sponsor. The amount of the first tranche of the Subscription Price shall equal to the total Subscription Price deducted by the Performance Bond. If the Company has not committed any breach of the New Subscription Agreement as set out in the section "Liability for breach" below, the Target Company shall return the Performance Bond to the Company within 2 working days after the Company pays the first tranche of the Subscription Price. Within 2 working days after having received the Performance Bond returned by the Target Company, the Company shall transfer the outstanding amount of the Subscription Price to the Bank Account.

Lock-up Period Arrangement

The Subscription Shares shall not be transferred within 36 months from the completion of the Non-public Issuance. The Company shall comply with relevant laws and regulations and relevant regulations of the CSRC and SZSE to issue the relevant lock-up undertakings in relation to the Subscription Shares in accordance with the Target Company's request, and handle the matters in relation to the lock-up. If the CSRC and SZSE have different opinions on the above-mentioned lock-up period arrangement, the Company agrees to amend and implement the above-mentioned lock-up period arrangement in accordance with the opinions of the CSRC and SZSE. After the lock-up period expires, it will be implemented in accordance with the relevant regulations of the CSRC and the SZSE.

Conditions Precedent

The New Subscription Agreement shall be signed by Company and the Target Company, and shall become effective upon the satisfaction in full of the following conditions:

- (i) the Non-public Issuance and the New Subscription Agreement having been approved by the board of directors and shareholders' general meeting of the Target Company;
- (ii) the Non-public Issuance having been approved by the relevant state-funded enterprise(s);
- (iii) if necessary, the waiver for the Company to make a general offer having been approved by the shareholders' general meeting of the Target Company; and
- (iv) the Non-public Issuance having been approved by the CSRC.

Liability for breach

- (1) After the signing of the New Subscription Agreement, the Company and the Target Company must strictly abide by it. If any party fails to abide by or fulfill the agreement, obligations, responsibilities, warranties or undertakings under the New Subscription Agreement, it shall bear the liability for breach to the other party.
- (2) If any of the following situations occurs, the Company shall be deemed to be in breach of the New Subscription Agreement:
 - (i) after the signing of the New Subscription Agreement, the Company is in breach if it unilaterally decides not to participate in the Non-public Issuance; and

- (ii) if the Non-public Issuance has been approved by the CSRC, the Company is in breach if it fails to subscribe for the Subscription Shares in full amount.
- (3) Except as otherwise agreed in the New Subscription Agreement or as otherwise required by the law, if any party to the New Subscription Agreement fails to perform its obligations under the New Subscription Agreement or its performance fails to comply with the relevant provisions of the New Subscription Agreement, the non-defaulting party has the right to require the defaulting party to continue to perform its obligations or to take remedial action.
- (4) If the Non-public Issuance and the Subscription fail to obtain approval by the Target Company's board of directors and shareholders' general meeting, or the approval by relevant state-funded enterprise(s), or the consent of the CSRC, or the Company fails to subscribe for the Subscription Shares at all or in full amount (for a reason which is not attributed to the Company), each of the parties shall not bear the responsibility for breach of the New Subscription Agreement, and the Target Company shall return the Performance Bond to the Company within 2 working days after the occurrence of the relevant situations specified in this paragraph.
- (5) Before the Non-public Issuance is completed, if the issue price, issue quantity and other contents and/or other matters of the New Subscription Agreement shall be adjusted due to the request by CSRC or other stock exchanges or for other reasons, the Company and the Target Company shall negotiate and enter into a written supplemental agreement.

INFORMATION OF THE PARTIES INVOLVED

Information on the Company

The Company is a Sino-foreign joint venture joint stock limited company incorporated in the PRC on 24 January 1997. Jiangxi Copper Corporation Limited, a wholly state-owned enterprise which is wholly owned and controlled by the State-owned Assets Supervision and Administration Commission of Jiangxi Province, is the controlling shareholder of the Company. The Company's main scope of operations include: mining, milling, smelting, further processing and related technical services of non-ferrous 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.)

Information on the Target Company

The Target Company is a company listed on the SZSE (stock code: 002237), with a registered capital of RMB910,400,000. Its registered address is Shuidao Town, Muping District, Yantai City, Shandong Province, the PRC and its legal representative is Mr. Qu Shengli.

Following completion of the Previous Acquisition, the Company became a 29.99% controlling shareholder of the Target Company and the financial results of the Target Company have been consolidated into the financial statements of the Group. Based on the maximum number of A shares of the Target Company to be issued pursuant to the Non-public Issuance i.e. 273,120,000 shares, it is expected that the Company will own approximately 43.15% of the total issued shares of the Target Company upon Completion.

The Target Company is mainly engaged in gold and silver smelting; production and sales of electrolytic copper, cathode copper, lead ingots, non-ferrous metals, rare precious metals and their products (excluding hazardous chemicals and national restrictions and prohibitions); supporting the construction of hazardous chemicals for metal smelting within the enterprise production facilities (the content of the license is subject to the safety review opinion of the hazardous chemical construction project); management without storage facilities: sulfuric acid, sulfur dioxide, arsenic trioxide, oxygen (compressed), oxygen (liquefied), argon (liquefied), Nitrogen (liquefied), hydrochloric acid -3,3'-dichlorobenzidine, arsenic (validity period is subject to the license); sales of fertilizers; production and sales of ethylthiourethane and sodium thioglycolate; iron powder processing ((excluding mining); import and export of goods and technology; warehousing (excluding hazardous chemicals); general freight, special transport of goods (containers), road transport of dangerous goods (without permission from the relevant departments of transportation and public security, cannot engage in relevant transportation business activities); manufacturing and processing of mining equipment (excluding special equipment); electrical equipment repair; motor vehicle maintenance; the following production and operation by the branch companies with branch licenses and business licenses: gold mining and dressing, Pyrite mining, retail of refined oil. (Projects that are subject to approval according to law can only be operated after approval by relevant departments.)

Major financial data of the Target Company for the three years ended 31 December 2019 are set out as follows:

Unit: RMB0,000

Items	As at 31 December 2019 <i>(audited)</i>	As at 31 December 2018 <i>(audited)</i>	As at 31 December 2017 <i>(audited)</i>
Total assets	1,614,079.42	1,491,993.29	1,343,417.34
Total liabilities	1,149,081.69	1,055,687.64	887,620.54
Total equity attributable to the owners of the parent	465,817.56	435,663.18	454,890.65
Total shareholders' equity (net assets value)	464,997.73	436,305.65	455,796.80

Items	For the year ended 31 December 2019 <i>(audited)</i>	For the year ended 31 December 2018 <i>(audited)</i>	For the year ended 31 December 2017 <i>(audited)</i>
Operating income	2,853,607.76	2,120,095.73	1,977,556.63
Operating profit	39,109.71	49,571.35	49,135.24
Net profit (before taxation)	34,961.99	47,334.92	47,750.52
Net profit (after taxation)	29,043.53	39,186.68	39,399.70
Net profit attributable to the owners of the parent	30,553.60	40,576.82	39,813.00

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

Upon the Completion, the competitiveness of the Company will be further strengthened and the value of the Company will be enhanced, which is consistent with the Company's development strategy.

In view of the abovementioned reasons, the Directors (including the independent non-executive Directors) are of the view that the terms of the New Subscription Agreement are fair and reasonable and in the interest of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATIONS

As one of the applicable percentage ratios in respect of the Subscription is more than 5% but all of them are less than 25%, the Subscription constitutes a discloseable transaction under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules. If the Subscription were to be aggregated with the Previous Acquisition, since more than one of the applicable percentage ratios in respect of the Subscription and the Previous Acquisition after aggregation exceed 5% but all of the applicable percentage ratios fall below 25%, the Subscription and the Previous Acquisition remain as a discloseable transaction of the Company under Chapter 14 of the Listing Rules after aggregation.

SPECIFIC RISKS REMINDER

As the Non-public Issuance needs to be approved by the shareholders' general meeting of the Target Company (including agreeing to waive the Company's obligation to make a general offer), the state-funded enterprise(s), and the CSRC, it is uncertain whether relevant approvals can be obtained, and when the relevant approvals will be finally obtained. Therefore, there exists the risk that the Subscription may not proceed.

In view of the above risks, the Shareholders and potential investors of the Company are reminded 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:

“Board”	the board of Directors
“Company”	Jiangxi Copper Company Limited, a Sino-foreign joint venture joint stock limited company incorporated in the PRC
“Completion”	completion of the Subscription pursuant to the terms and conditions of the New Subscription Agreement
“Conditions Precedent”	conditions precedent under the New Subscription Agreement
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules

“CSRC”	the China Securities Regulatory Commission
“Director(s)”	director(s) of the Company
“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
“New Subscription Agreement”	the conditional subscription agreement dated 12 April 2020 entered into between the Company and the Target Company in relation to the Subscription
“Non-public Issuance”	the proposed Non-public Issuance of no more than 273,120,000 A shares with a nominal value of RMB1.00 each by the Target Company to certain specific subscribers
“percentage ratio(s)”	the percentage ratio(s) as defined in Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China
“Previous Acquisition”	the Company’s acquisition of 29.99% equity interest in the Target Company pursuant to the Previous Acquisition Agreement
“Previous Acquisition Agreement”	the share purchase agreement dated 4 March 2019 entered into between the Company and the vendors in relation to the acquisition of 29.99% equity interest in the Target Company
“Previous Subscription Agreement”	the conditional subscription agreement dated 24 February 2020 entered into between the Company and the Target Company
“Shareholder(s)”	the holder(s) of the ordinary share(s) of RMB1.00 each in the share capital of the Company
“Sponsor”	the sponsor for the Non-public Issuance
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Subscription”	the subscription of the Subscription Shares by the Company pursuant to the New Subscription Agreement
“Subscription Price”	the subscription price payable by the Company for the Subscription pursuant to the terms and conditions of the New Subscription Agreement
“Subscription Shares”	237,614,400 ordinary shares (A shares) with a nominal value of RMB1 each in the share capital of the Target Company (subject to approval by CSRC) to be subscribed by the Company and be non-publicly issued and listed on the SZSE pursuant to the Non-public Issuance
“SZSE”	Shenzhen Stock Exchange
“Target Company”	Shandong Humon Smelting Co., Ltd. (山東恒邦冶煉股份有限公司), a stock limited company incorporated in the PRC, issued shares of which are listed on SZSE (stock code: 002237), and as at the date of this announcement, is a subsidiary directly owned as to 29.99% by the Company
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

Translation of Renminbi into Hong Kong dollars is based on the exchange rate of HK\$1.00 = RMB0.90744.

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

Nanchang, Jiangxi, the PRC, 13 April 2020

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.