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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)

ANNOUNCEMENT
CONTINUING CONNECTED TRANSACTIONS
AND
CONNECTED TRANSACTION

Reference is made to the 2017 Announcement and the 2017 Circular in relation to, among other things, the continuing connected transactions of the Company contemplated under the 2017 Agreements.

As the 2017 Agreements and their respective annual caps will expire on 31 December 2020 and the Group intends to continue to carry on the transactions under the 2017 Agreements, the Company has entered into the Agreements with JCC on 27 September 2020.

As at the date of this announcement, as JCC holds approximately 43.70% of the issued share capital of the Company, JCC is a controlling shareholder of the Company and thus a connected person of the Company. Accordingly, Agreement 1 and Agreement 2 and the transactions contemplated thereunder constitute continuing connected transactions of the Company and the Land Use Rights Leasing Agreement and the transactions contemplated thereunder constitute connected transactions of the Company respectively under Chapter 14A of the Listing Rules.

As the A Shares of the Company are listed on the Shanghai Stock Exchange, the Company is also required to comply with the SSE Listing Rules. Under the SSE Listing Rules, the transactions contemplated under the Agreements are subject to approval by Independent Shareholders.

As one of the Percentage Ratios in respect of the maximum amount of the Proposed Caps of the continuing connected transactions contemplated under Agreement 1 and Agreement 2 exceeds 5% respectively, they will therefore be subject to reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. The transactions contemplated under the Land Use Rights Leasing Agreement are also subject to Independent Shareholders' approval under the SSE Listing Rules.

I. INTRODUCTION

Reference is made to the 2017 Announcement and the 2017 Circular in relation to, among other things, the continuing connected transactions of the Company contemplated under the 2017 Agreements. As the 2017 Agreements and their respective annual caps will expire on 31 December 2020 and the Group intends to continue to carry on the transactions under the 2017 Agreements, the Company has entered into the Agreements with JCC on 27 September 2020. The Directors are of the view that, the entering into of the Agreements are beneficial to the reasonable allocation and adequate utilisation of the existing assets of each party, the realisation of resource sharing and mutual complement of advantages of each party, so as to enhance sustainable stability and development of production and operation of the Group, reduce overlapping investment and save expenses of the Group, as well as increase in the comprehensive efficiency of the Group. In addition, as the terms of the Agreements are substantially similar to the terms of the 2017 Agreements, the entering into of the Agreements will not pose additional burden on the Company.

II. AGREEMENT 1

The Company entered into Agreement 1 on 27 September 2020 with JCC in relation to, among others, the supply of various materials and provision of consolidated services by the JCC Group to the Group.

The principal terms of Agreement 1 are summarised as follows:

Date

27 September 2020

Parties

1. the Company; and
2. JCC.

Particulars of Agreement 1

Pursuant to Agreement 1, JCC agreed to supply various materials and provide consolidated services to the Group for a term of three years commencing from 1 January 2021 up to 31 December 2023.

Save as otherwise provided, in the event that the Company no longer requires any one type of supply of materials or provision of services under Agreement 1, the Company shall give a three months' notice in writing to JCC prior to terminating such supply of materials or provision of services.

Supply of various materials by the JCC Group

Pursuant to Agreement 1, the JCC Group will provide to the Group certain materials required for the production and/or operation of the Group. These materials will mainly include the following:

- a. Copper Concentrate and gold, silver and sulfur contents contained therein;
- b. materials such as rubber products, emulsifiers, pigments and sacks produced or processed by JCC Group and other auxiliary materials (such as loose stones, limestone, bamboo and scrap steel) which are required for the production of the Group's products;
- c. spare parts and processing parts including but not limited to machinery components such as mining spare parts, high manganese steel casting, iron-casting, steel-casting, cold welding components, sand pumps, switch boxes and other spare parts and processing parts (non-standard items) (including but not limited to roller, liner, etc.) which are required for the production of the Group's products; and
- d. gold doré and silver produced from the smelting of lead concentrate and zinc concentrate.

Provision of consolidated services by the JCC Group

Pursuant to Agreement 1, the following services will be provided by the JCC Group to the Group:

- a. entrusted processing services;
- b. machinery and electrical equipment repair services;
- c. construction and installation services;

- d. futures brokerage services;
- e. services of public facilities;
- f. provision of social services;
- g. environmental hygiene and greenery services;
- h. professional technical education services;
- i. labour services; and
- j. off-site communication services.

Pursuant to Agreement 1, if applicable, terms provided by JCC in relation to the supply of various materials and the provision of services under Agreement 1 will be no less favourable than terms provided by Independent Third Parties in respect of similar materials and services (as the case may be). In addition, the Company will have the option to obtain such materials and services from Independent Third Parties if it is in the interest of the Company after comparing the terms provided by JCC and Independent Third Parties.

Under the terms and conditions of Agreement 1, the obligations of the Company and JCC shall be performed by members of the Group and the JCC Group respectively. The parties may enter into corresponding implementation agreements on the basis of Agreement 1 for the actual supply and provision of services under each item.

Supply of various materials by the JCC Group

The Copper Concentrate supplied by JCC to the Group must meet the following standards and requirements:

- (1) the Copper Concentrate generally contains no less than 18% copper, provided that Copper Concentrate recovered from tailings should contain no less than 8% copper; and
- (2) when the production of JCC is affected by geology, climate change or production equipment failure, JCC may negotiate with the Group to appropriately adjust the grade and quality requirements of Copper Concentrate after obtaining the Group's consent.

Supply of Copper Concentrate

JCC agreed to supply the Group with Copper Concentrate at a price by making reference to the market prices of Copper Concentrate of the same quality. The price is determined with reference to the open market price of copper listed on the Shanghai Futures Exchange (<http://www.shfe.com.cn/>), London Metal Exchange (<http://www.lme.com/>), Shanghai Gold Exchange (<http://www.en.sge.com.cn/>) and Changjiang Non-Ferrous Metal Spot* (長江有色金屬現貨) (http://www.ccmn.cn), etc. In addition, JCC agreed to grant the Group the right of first refusal to purchase the Copper Concentrate from the JCC Group at prices no less favourable than the prices that the Group can otherwise obtain in the market.

Supply of gold, silver and sulfur contents contained in Copper Concentrate

JCC agreed to supply the Group with gold, silver and sulfur contents contained in Copper Concentrate at a price by making reference to the market prices of gold, silver and sulfur contents contained in Copper Concentrate of the same quality. The price of gold and silver contents contained in Copper Concentrate is determined with reference to the open market price of gold and silver listed on the Shanghai Futures Exchange (<http://www.shfe.com.cn/>), London Metal Exchange (<http://www.lme.com/>), Shanghai Gold Exchange (<http://www.en.sge.com.cn/>) and Changjiang Non-Ferrous Metal Spot* (長江有色金屬現貨) (http://www.ccmn.cn), etc.

For sulfur contents contained in Copper Concentrate, apart from purchasing from JCC, the Company will also purchase from other suppliers within mainland China. In determining the price of sulfur contents contained in Copper Concentrate, the Company will make reference to and ensure that the price to be offered to the Company will not be higher than the price offered by at least two Independent Third Parties when entering into the agreement with JCC.

Supply of auxiliary materials which are required for the production of the Group's products

JCC agreed to supply the Group with auxiliary materials such as rubber products, emulsifiers, pigments and sacks produced or processed by JCC Group and other auxiliary materials (such as loose stones, limestone, bamboo and scrap steel) which are required for the production of the Group's products at prices making reference to the prices in the local market to which such products are delivered (i.e. the quotation offered by at least two suppliers who are Independent Third Parties, for similar auxiliary materials). When there are no such prices, prices are charged no higher than the prices charged by the JCC Group on its members or cost plus applicable taxes. In any event, such prices shall not be higher than that offered by the Independent Third Parties to the Group, where applicable.

The Group shall pay 80% of the total amount of purchase of the ancillary materials to the JCC Group within 7 days of receipt of such materials and the remaining 20% of the total amount of the materials to the JCC Group upon satisfactory inspection of such materials.

Supply of spare parts and processing parts which are required for the production of the Group's products

JCC agreed to supply the Group with spare parts and processing parts including but not limited to machinery components such as mining spare parts, high manganese steel casting, iron casting, steel casting, cold welding components, sand pumps, switch boxes and other spare parts and additional parts (non standard items) such as roller and liner. The price for spare parts is calculated based on the then local market prices of such products. In determining the price for spare parts, the Company will obtain the local market prices through market survey, mainly by making reference to prices of steel, copper or other metals as quoted on Changjiang Non-Ferrous Metal Spot* (長江有色金屬現貨) (<http://www.ccmn.cn/>) and Shanghai Futures Exchange (<http://www.shfe.com.cn/>) for estimation of prices of metallic spare parts. The Company will also make reference to quotations for non-metallic spare parts and processing parts offered by at least two suppliers who are Independent Third Parties. Where there are no such prices, prices are charged no more than the prices charged by the JCC Group on its members. If JCC Group does not supply spare parts to its members, the prices will be calculated based on the costs of the spare parts and processing parts plus applicable taxes payable to the PRC government. In any event, such prices shall not be higher than that offered by the Independent Third Parties to the Group, where applicable.

The Group shall pay 80% of the total amount of purchase of the spare parts and processing parts to the JCC Group within 7 days of receipt of such materials and the remaining 20% of the total amount of such materials to the JCC Group upon satisfactory inspection of such materials.

Supply of gold doré and silver produced from the smelting of lead concentrate and zinc concentrate

JCC agreed to provide the Group with gold doré and silver produced from the smelting of lead concentrate and zinc concentrate at a price based on the prices as listed on the Shanghai Gold Exchange (<http://www.en.sge.com.cn/>) and Ebaiyin.com (<http://www.ebaiyin.com>) as benchmark price, and will not be higher than the market prices. In addition, JCC agreed to grant to the Group the right of first refusal to purchase the gold doré and silver from JCC Group.

Methods and procedures for determining the price and terms of procurement

With regard to the procurement of various materials, the Company mainly adopts the method of procurement through competitive negotiation, in which two or more specific suppliers (who are Independent Third Parties) will be invited to undergo negotiation with the procurement business department of the Company and make quotations in multiple rounds.

The suppliers management department of the Company is responsible for reviewing and verifying the reasonableness of the selection of suppliers to be invited for the competitive negotiation according to the grading of the suppliers (as set out in a list of suppliers maintained by the suppliers management department based on criteria such as the quality of goods, timeliness of delivery of goods, reasonableness of quotation, cooperativeness, after-sales service and contingency responsiveness) and the classification of the materials while the procurement management department of the Company is responsible for reviewing and verifying the reasonableness of the selection of the procurement mode and the procurement process. Proposals for the negotiation shall be reviewed by the procurement management department, and submitted for approval in accordance with the Company's procurement management measures.

All participating suppliers shall submit multiple rounds of quotations within prescribed time. Following the receipt of quotations, depending on the procurement amount and technical issues involved in the procurement, the negotiation task group which comprises members of the procurement business department, procurement management department, experts and/or the user units of the goods to be procured shall compare and negotiate the terms of quotations with the suppliers and determine the contracting supplier by taking into account factors such as price quotations, quality of goods, ability of the suppliers in meeting technical specifications of the Company, delivery schedules and qualification of the suppliers.

Provision of consolidated services

Entrusted processing services

JCC agreed to provide material processing services to the Company, mainly including (i) crushing processing of the waste refractory brick materials used by the Company in production and returning the materials containing valuable elements such as magnesium, chromium and copper to the Company for external sales and (ii) providing dismantling and processing services of the Blister Copper wastes to the Company.

The fees for these services payable by the Company shall be determined by making reference to the situation of similar industry and market price standards in the local market. However, the demand for such processing services only comes from major mining companies, as such, the demand is limited in each province, leading to limited options of suppliers. Given that JCC possesses the relevant capabilities and experience and in view of limited options of service providers within the province, the Company has been entrusting the JCC Group to provide the material processing services. As market price is not publicly available in the market, the service fee will be calculated based on its costs plus relevant taxes and applicable profit margin. The applicable profit margin will be calculated with reference to the difference in value between the valuable materials obtained after processing (with reference to the monthly average closing price of copper as quoted on the Shanghai Futures Exchange) and the waste materials before processing (with reference to the price charged by the Company on Independent Third Parties for the sale of comparable materials). The average applicable profit margin is estimated to be around 15%.

Machinery and electrical equipment repair services

JCC agreed to provide machinery and electrical equipment repair services to the Group. The Group shall pay the machinery and electrical equipment repair services fees to JCC monthly.

As the Group is a large scale industrial enterprise, repair of machinery and electrical equipment needs to be completed within a short period of time in order to avoid any loss caused by disruption. Therefore, determination of price by way of public tender or obtaining fee quotation may not be in the best interests of the Group as it takes longer time. PRC government prescribed prices are the most recognised public information available for reference which is generally reflective of market price. For those services with the PRC government prescribed prices, the fees will be determined with reference to the published PRC government prescribed prices under the Non-standard Equipment Pricing Measures for Non-ferrous Metal Industry* (《有色金屬工業非標準設備定價辦法》) of the Non-ferrous Metal Industry Construction Works Budget Standard Price 2019* (2019版《有色金屬工業建設工程預算定額》) issued by the China Nonferrous Metals Industry Association (中國有色金屬工業協會) in 2019, which are updated by the relevant PRC central or provincial government departments from time to time. However, sometimes the PRC government prescribed prices may not reflect the market price and thus may not be applicable. The Company will check against the prices charged by at least two Independent Third Parties providing similar services to the Company from time to time to determine its applicability.

When the PRC government prescribed prices are not applicable and for those services with no PRC government prescribed prices, the Company will check the industry pricing of similar services at local market through information obtained within the industry and make reference to it as well as the historical pricing based on previous operation experience and current market pricing to determine the price. If such industry or market pricing is unavailable or for those services with no industry or market pricing, the Company shall determine the price based on a price not higher than that offered by the JCC Group to its members or based on costs plus applicable taxes (whichever is lower). In any event, such prices shall not be higher than that offered by Independent Third Parties to the Group, where applicable.

Construction and installation services

JCC agreed to provide construction and installation services to the Group, including but not limited to construction of factories, office buildings and waste dumps construction services. As the PRC government prescribed prices are the most recognised public information available for reference which is generally reflective of market price, so for those services with the PRC government prescribed prices, the fees shall be not more than the price prescribed under the Jiangxi Province Standard Price of Projects 2017* (2017版《江西省建設工程定額》) issued by the Department of Housing and Urban Rural Development of Jiangxi Province* (江西省住房和城鄉建設廳) which came into effect on 1 December 2017; the Code of Bills of Quantities and Valuation for Construction Works* (GB50500- 2013) (《建築工程工程量清單計價規範》(GB50500-2013)) issued by the Ministry of Housing and Urban-Rural Development of the PRC (中國住房和城鄉建設部) which came into effect on 1 July 2013; or the Non-ferrous Metal Industry Construction Works Budget Standard Price 2019* (2019版《有色金屬工業建設工程預算定額》) issued by the China Nonferrous Metals Industry Association (中國有色金屬工業協會) which came into effect from 29 November 2019, which are updated by the relevant PRC central or provincial government departments from time to time. However, sometimes the PRC government prescribed prices may not reflect the market price and thus may not be applicable. The Company will check against the prices charged by at least two Independent Third Parties providing similar services to the Company from time to time to determine its applicability.

When the PRC government prescribed prices are not applicable and for those services with no PRC government prescribed prices, the Company will check the industry pricing of similar services at local market through information obtained within the industry and make reference to it as well as the historical pricing based on previous operation experience and current market pricing to determine the price. If such industry or market pricing is unavailable or for those services with no industry or market pricing, the Company shall determine the price based on a price not higher than that offered by the JCC Group to its members or based on costs plus applicable taxes (whichever is lower). In any event, the price shall not be higher than that offered by Independent Third Parties to the Group, where applicable.

The Group shall pay service charges to the JCC Group according to the progress of the projects.

Futures brokerage services

JCC agreed to provide the brokerage services to the Group. The Company agreed to pay the JCC Group for such agency services at the lower of the current market rate (with reference to the rate charged by Jinrui Futures Co., Ltd. (金瑞期貨經紀有限公司), a subsidiary of JCC which is principally engaged in the provision of futures, options and other derivative products business, to its external independent clients) and the rate charged by the JCC Group to its members after the completion of each futures transaction.

Services of public facilities for living and production

JCC agreed to allow the Company to enjoy the public facilities in the residential area and production facilities. Regarding the public facilities in the residential area, the Company and JCC agreed to share the costs in accordance with the actual usage and the proportion of the number of employees registered in JCC and the Company as at the end of the previous year. Regarding the production facilities for the exclusive use of the Company, it is agreed that the Group will be responsible for the actual cost incurred by the Group in using the production facilities. In respect of those production facilities used by the Group and the JCC Group jointly, the Company and JCC agreed to share the actual costs on a pro rata basis with reference to their respective assets. The Company agreed to pay to JCC such costs once every calendar month and to settle at the year end in accordance with the actual situation.

Provision of social services

JCC agreed to provide social services to the employees of the Group such as employee medical services, catering services during working hours and coal gas supplies services, and the Company shall reimburse JCC the actual amount incurred by JCC, provided that such amount shall be no more than 14% of the total annual remuneration of all employees of the Group. The Group shall prepay one-twelfth of the fees for the social services to the JCC Group on a monthly basis and settle the balance at the end of each year.

The social services provided by the JCC Group to the Group are as follows:

- (i) JCC will provide water and electricity supply services to the Group's employee at the purchase price while the operation costs will be deducted from the welfares provided by the Group to JCC;
- (ii) JCC will provide catering services to the Group's employee at a favourable rate while the water and electricity expenses are included in the budget and will be deducted from the meal expenses provided by the Group to the canteen of JCC.

Environmental hygiene and greenery services

JCC agreed to provide environmental hygiene and greenery services such as hygiene and greenery services at the roads of the living area, hygiene services of family buildings, cleaning of septic tanks and maintenance of plants and trees in the living area. The Company has agreed to reimburse the JCC Group on a monthly basis the actual cost of such environmental hygiene and greenery services on a pro rata headcount basis. The Company shall prepay one-twelfth of the service fee to JCC each month and settle the balance at the end of each year.

Professional Technical Education services

JCC agreed to provide the Group's employees education services, such as staff education and technical training courses, at a fee based on the following:

- a. for staff education expenses, the estimated annual budget for staff education and training expenses will be 2.5% of the total salary of the employees of the Company in the previous year. The Company shall pay the actual amount of training expenses to the JCC Group within such estimated budget; and

- b. for professional technical education expenses, the estimated annual budget for the following year will be determined in the current year. The students will be charged the costs of living and studying materials while all other costs will be counted into the budgets for the professional technical training courses. The education expenses include the actual expenses and the cost of items such as salaries of teaching staff, bonuses, welfares, training, labour insurance, depreciation of school's fixed assets, maintenance fees, office supplies, examination, academic exchanges, travelling expenses and student internship expenses.

In the event that the Company no longer requires the provision of education services by JCC, the Company shall provide a twelve months' notice in writing to JCC prior to the termination. If, in accordance with the national requirements or requirements of the relevant Jiangxi province governmental bodies, the provision of such education services is transferred from JCC and its subordinate institutions to the education departments of the areas governing JCC, JCC will stop providing such education services, and at the same time, the Company will stop paying the fees in relation to such education services.

Labour services

JCC agreed to provide labour services, such as loading, unloading and transporting services of various materials for production and sale, to the Company. The Company will make public enquiry with at least two similar service providers in the market, which are Independent Third Parties, as to the fees of such services and determine the pricing terms based on the quotations obtained. Where there are no quotation as mentioned above, the Company will make reference to the annual remuneration of employees hired for similar labour services plus relevant materials costs and taxes to determine the fees charged for such services. The fees for these services shall be payable by the Company on a monthly basis.

Off-site communication services

JCC agreed to provide to the Company off-site communication services, such as acting as the communication channel with relevant regulatory authorities and reception of staff. The Company agreed to reimburse the JCC Group on a monthly basis the actual cost such as salaries, bonuses, welfare, trainings, labour insurance, depreciations and other administrative costs, for operating such services on a pro rata basis with reference to their respective asset values. The Company shall pay one-twelfth of the budget service fee to JCC each month and settle the balance at the end of each year in accordance with the actual condition. The budget fees are determined with reference to the actual costs incurred by JCC in the previous year.

Annual Caps

The historical annual caps under the 2017 Consolidated Supply and Services Agreement I for the three financial years ending 31 December 2020 were RMB502,100,000, RMB502,400,000 and RMB507,700,000 respectively.

The amount of the relevant transactions under the 2017 Consolidated Supply and Services Agreement I for the two financial years ended 31 December 2019 and the six months ended 30 June 2020 were about RMB442,284,988.59, RMB493,472,628.51 and RMB235,086,391 respectively (equivalent to approximately HK\$503,191,258.52, HK\$561,427,856.23 and HK\$267,459,714.89 respectively).

The Proposed Caps regarding the transactions contemplated under Agreement 1 for each of the three financial years ending 31 December 2021, 31 December 2022 and 31 December 2023 will not exceed RMB2,111,280,000, RMB2,148,780,000, and RMB2,244,080,000 respectively (equivalent to approximately HK\$2,402,020,570, HK\$2,444,684,627 and HK\$2,553,108,219 respectively) and have been determined with reference to (i) the historical transaction amounts under the 2017 Consolidated Supply and Services Agreement I; and (ii) the proposed expansion of the Group's business of exporting gold doré and silver, and the proposed purchase of gold doré and silver from JCC Group in the coming 3 years to conduct such business.

As one of the Percentage Ratios in respect of the maximum amount of the Proposed Caps of Agreement 1 exceeds 5%, therefore Agreement 1 and its Proposed Caps are subject to the reporting, announcement and the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reasons for and benefits of the entering into of Agreement 1

The principal business of the Group covers copper and gold mining and dressing, smelting and processing, extraction and processing of scattered metals, sulphuric chemistry as well as finance and trading fields. The Company has five 100% owned mines under production, namely Dexing Copper Mine (including copper factory mining area, Fujiawu mining area and Zhushahong mining area), Yongping Copper Mine, Chengmenshan Copper Mine (including Jinjiwo Silver-Copper Mine), Wushan Copper Mine, and Yinshan Mining Company, and a number of relevant production facilities, including three smelters and eight modern copper products processing plants. The Company also holds 29.99% of Shandong Humon Smelting Co., Ltd., which is mainly engaged in the exploration, mining, dressing, smelting and chemical production of gold and is a national key gold smelting enterprise. The main products of the Group include more than 50 varieties of products, such as Copper Cathode, gold, silver, sulphuric acid, copper rod, copper tube, copper foil, selenium, tellurium, rhenium and bismuth, etc.

With the increase in production capacity of the Group, demand for raw materials increased accordingly. By taking advantage of the existing market resources of the JCC Group, the Group can establish networks of sales and outsourcing raw materials of copper, and obtain stable supply channels of raw materials. The Group will benefit from several supportive integrated services provided by the JCC Group to the Group for normal operation, including repair services and construction services, which will enhance the Group's operation and minimise the costs of arranging manpower to provide repair services and construction services by the Group.

The Directors have also confirmed that the prices charged by the JCC Group for the provision of various materials and consolidated services to the Group pursuant to Agreement 1 will not be higher than those offered by Independent Third Parties and that the terms of Agreement 1 have been determined after arm's length negotiations between JCC and the Company and will be no less favourable than the terms and conditions the Group can otherwise obtain in the market, if applicable. The Directors are of the view that the transactions contemplated under Agreement 1 are entered into in the ordinary and usual course of business of the Group and on normal commercial terms, the terms are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

III. AGREEMENT 2

The Company entered into Agreement 2 on 27 September 2020 with JCC in relation to, among others, the supply of various materials and provision of consolidated services by the Company to the JCC Group.

The principal terms of Agreement 2 are summarised as follows:

Date

27 September 2020

Parties

1. the Company; and
2. JCC.

Particulars of Agreement 2

Pursuant to Agreement 2, the Company has agreed to supply various materials and consolidated services to the JCC Group for a term of three years commencing from 1 January 2021 up to 31 December 2023.

Save as otherwise provided, in the event that JCC no longer requires any one type of supply of materials or provision of services under Agreement 2, JCC shall give a three months' notice in writing to the Company prior to terminating such supply of materials or provision of services.

Supply of materials by the Company

Pursuant to Agreement 2, the Company will provide to the JCC Group certain products, raw materials, auxiliary materials, spare products, spare parts, processing parts and waste materials required for the production of the JCC Group. These materials and auxiliary materials will mainly include the following:

- a. Copper Cathode and copper rod and wire;
- b. lead materials (lead concentrate, lead ingot and other materials containing lead);
- c. zinc materials (zinc concentrate, zinc ingot and other materials containing zinc);
- d. sulfuric acid and steel balls;
- e. waste materials (including but not limited to scrap materials and materials containing valuable elements such as slag and white smoke and dust generated from the smelting and production process); and
- f. auxiliary materials including but not limited to non-ferrous materials, chemical materials, diesel, steel, cement, wires and cables.

Consolidated Services to be provided by the Company

Pursuant to Agreement 2, the following services will be provided by the Company to the JCC Group:

- a. construction and installation services;
- b. vehicle repair services;
- c. machinery and electrical equipment repair services;
- d. water supply services;
- e. electricity transmission services;

- f. natural gas transmission services;
- g. environmental hygiene and greenery services;
- h. processing on order service;
- i. agency services for sales of products and sourcing of raw materials;
- j. office lease services; and
- k. research and development in technology.

Pursuant to Agreement 2, regarding the Group, if applicable, terms relating to the supply of products, raw materials, auxiliary materials, spare products, spare parts, processing parts and waste materials and the provision of consolidated services to the JCC Group will be no less favourable than terms offered by the Group to the Independent Third Parties in connection with similar materials and services (as the case may be).

Under the terms and conditions of Agreement 2, the obligations of the Company and JCC shall be performed by members of the Group and the JCC Group respectively. The parties may enter into corresponding implementation agreements on the basis of Agreement 2 for the actual supply and provision of services under each item.

Supply of materials by the Company

Supply of Copper Cathode and copper rod and wire

The Company has agreed to supply the JCC Group with Copper Cathode and copper rod and wire at prices equivalent to the following:

1. for Copper Cathode, the price will be calculated as: $Q + R - S$

Where:

Q = monthly average closing price of copper as quoted on the Shanghai Futures Exchange for the month in which the orders were made;

R = premium per tonne above the standard rate for Copper Cathode, being the market rate of premium for grade A Copper Cathode as registered under the Shanghai Futures Exchange, of which the Copper Cathode produced by the Company is categorised; and

S = 50% of the transportation cost for the delivery of Copper Cathode from the Company's production plant to the warehouse of the Shanghai Futures Exchange.

2. for copper rod and wire, the price will be calculated as: T + U

Where:

T = monthly average closing price of copper as quoted on the Shanghai Futures Exchange for the month in which the orders were made; and

U = processing fee determined with reference to the processing fee payable by Independent Third Parties to the Company.

3. for lead, zinc materials and sulfuric acid and other products, their prices shall be determined with reference to the price charged by the Company on Independent Third Parties.
4. for steel balls, the price will be determined based on that charged by the Company on Independent Third Parties. If prices charged on Independent Third Parties are unavailable, such prices shall be not lower than that offered by the Company to its Group members. In any event, such prices shall not be lower than that offered by the Group to Independent Third Parties, where applicable.

Waste materials generated from the production process of the Group and auxiliary materials

The Company has agreed to supply waste materials generated from the Group's production and auxiliary materials at prices equivalent to the following:

1. for waste materials such as scrap materials and slag generated from the smelting and production process, prices will be calculated with reference to the prices charged by the Company on Independent Third Parties. If such prices are unavailable, prices will be calculated based on its costs plus applicable taxes payable to the PRC government and profit margin of the same or similar industry as quoted by the PRC government.

2. for auxiliary materials such as non-ferrous materials, chemical materials, diesel, steel, cement, wires and cables, the prices will be calculated with reference to the prices of the market in which the material is being delivered. If such market price is unavailable, the prices will be not lower than the price charged by the Group on its Group members or cost plus applicable taxes (whichever is higher). In any event, such prices shall not be lower than that offered by the Group to the Independent Third Parties, where applicable.

In relation to the abovementioned supply of materials by the Group, the JCC Group shall pay 80% of the total amount of purchase of the materials to the Company within 7 days of receipt of such materials, and the remaining 20% of the total amount of the materials to the Company upon satisfactory inspection of such materials.

Procedures for determining and approving sales price of products

The Company has complied with its internal “Administrative Measures for Sales of Products” which provides for the procedures for determining and approving sales price of products which are applicable to the Group.

The Company’s sales personnel regularly collect and organise market information through routine contact and visits with customers, and submit them to their respective sales supervisors in regular meetings. The marketing department of the Company will conduct market analysis and study, and propose marketing plans with reference to the complied market information.

In accordance with the marketing strategy, pricing principle and pricing methods determined in the marketing plans, together with the specific conditions of sales markets in various regions and of various customers, the sales department of the Company shall formulate specific pricing plans for sales of products and report to the corresponding supervisors.

The marketing responsible person of the Company may organise relevant personnel to conduct seminars and hearings on the pricing plans, examine and approve the pricing plans, and delegate the execution of the pricing plans to the sales and settlement department of the Company. Important pricing plans will be submitted to the Company’s deputy general manager in charge of marketing for approval.

Where the change in market prices renders the adjustment of sales price of products necessary, the sales department shall promptly re-formulate pricing plans for sales of products in accordance with the market condition and marketing strategy and report to the corresponding responsible person for approval.

Consolidated Services to be provided by the Company

Construction and installation services

The Company agreed to provide construction and installation services to the JCC Group, including but not limited to construction of factories, office buildings and waste dumps construction services. As the PRC government prescribed prices are the most recognised public information available for reference which is generally reflective of market price, so for those services with the PRC government prescribed prices, the fees will be determined with reference to the price prescribed under the Standard Price of Consumption of General Installation Projects (TY02-31-2015)* (《通用安裝工程消耗量定額》(TY02-31-2015)) issued by the Ministry of Housing and Urban-Rural Development of the PRC (中國住房和城鄉建設部) which came into effect on 1 September 2015; the Jiangxi Province Standard Price of Projects 2017* (2017版《江西省建設工程定額》) issued by the Department of Housing and Urban Rural Development of Jiangxi Province* (江西省住房和城鄉建設廳) which came into effect on 1 December 2017; the Code of Bills of Quantities and Valuation for Construction Works* (GB50500- 2013) (《建築工程工程量清單計價規範》(GB50500-2013)) issued by the Ministry of Housing and Urban-Rural Development of the PRC (中國住房和城鄉建設部) which came into effect on 1 July 2013; or the Non-ferrous Metal Industry Construction Works Budget Standard Price 2019* (2019版《有色金屬工業建設工程預算定額》) issued by the China Nonferrous Metals Industry Association (中國有色金屬工業協會) in 2019, which are updated by the relevant PRC central or provincial government departments from time to time. However, sometimes the PRC government prescribed prices may not reflect the market price and thus may not be applicable.

When the PRC government prescribed prices are not applicable and for those services with no PRC government prescribed prices, the Company will check the industry pricing of similar services at local market through information obtained within the industry and make reference to it as well as the historical pricing based on previous operation experience and current market pricing to determine the price. If such industry or market pricing is unavailable or for those services with no industry or market pricing, the prices charged by the Company to the JCC Group shall not be lower than that charged by the Company to its members or by making reference to costs plus applicable taxes (whichever is higher). In any event, such prices shall not be lower than that offered by the Group to Independent Third Parties, where applicable.

The JCC Group shall pay service charges to the Group according to the progress of the projects.

Vehicle repair services

The Company has agreed to provide repair services for different kinds of transportation facilities to the JCC Group. The fees for these services shall be payable by the JCC Group on a monthly basis.

The Company will check the industry pricing of similar services at local market through information obtained within the industry and make reference to it as well as the historical pricing based on previous operation experience and current market pricing to determine the price. If such industry or market pricing is unavailable or for those services with no industry or market pricing, the Company will charge the JCC Group for the prices not lower than the prices charged by it to its members or by making reference to costs plus applicable taxes (whichever is higher). In any event, such prices shall not be lower than that offered by the Group to Independent Third Parties, where applicable.

Machinery and electrical equipment repair services

The Company agreed to provide machinery and electrical equipment repair services to the JCC Group. The fees for these services shall be payable by the JCC Group on a monthly basis.

As the JCC Group is a large scale industrial enterprise, repair of machinery and electrical equipment needs to be completed within a short period of time in order to avoid any loss caused by disruption. Therefore, determination of price by way of public tender or obtaining fee quotation may not be in the best interests of the JCC Group as it takes longer time. PRC government prescribed prices are the most recognised public information available for reference which is generally reflective of market price. For those services with the PRC government prescribed prices, the fees will be determined with reference to the published PRC government prescribed prices under the Non-standard Equipment Pricing for Non-ferrous Metal Industry* (《有色金屬工業非標準設備定價辦法》) of the Non-ferrous Metal Industry Construction Works Budget Standard Price 2019* (2019版《有色金屬工業建設工程預算定額》) issued by the China Nonferrous Metals Industry Association (中國有色金屬工業協會) in 2019, which are updated by the relevant PRC central or provincial government departments from time to time. However, sometimes the PRC government prescribed prices may not reflect the market price and thus may not be applicable.

When the PRC government prescribed prices are not applicable and for those services with no PRC government prescribed prices, the Company will check the industry pricing of similar services at local market through information obtained within the industry and make reference to it as well as the historical pricing based on previous operation experience and current market pricing to determine the price. If such industry or market pricing is unavailable or for those services with no industry or market pricing, the Company will charge the JCC Group for prices not lower than the prices charged by it to its members or by making reference to costs plus applicable taxes (whichever is higher). In any event, such prices shall not be lower than that offered by the Group to Independent Third Parties, where applicable.

Water supply service

The Company agreed to supply the JCC Group with water for industrial use at a fee payable on a monthly basis calculated based on the actual costs plus applicable taxes.

Electricity transmission services

The Company agreed to provide electricity transmission service to the JCC Group at a fee based on the actual costs plus applicable taxes.

The actual costs include the costs of acquisition and transmission of electricity such as consumption of materials, salary, surcharges, depreciation, maintenance fees and amortisation of wires.

Natural gas transmission services

The Company agreed to provide natural gas transmission service to the JCC Group at a fee based on the actual costs plus applicable taxes. The actual costs include the costs of acquisition and transmission of natural gas such as consumption of materials, salary, surcharges, depreciation, maintenance fees and amortisation of pipelines.

Environmental hygiene and greenery services

The Company agreed to provide environmental and hygiene services, including sweeping, cleaning and maintenance and construction of greenery areas, to the JCC Group in its factory areas at a fee based on the actual costs (including the salary payable to cleaning workers according to the labour market level and the relevant materials fees) and other unforeseeable expenses (including the labour cost rise due to rise in price index, etc.).

Processing on order services

The Company agreed to provide processing on order services to JCC, under which the Company will process the copper materials provided by JCC into copper rod and wire products in accordance with the requests of JCC at a fee determined with reference to the price charged by the Company on Independent Third Parties and shall be payable by JCC to the Company upon delivery of products.

Agency services for sales of products and sourcing of raw materials

The Company agreed to provide agency services for sales of products and sourcing of raw materials, including but not limited to sales of sulfuric acid, gold, silver and scattered metals and sourcing of raw materials such as lead and zinc.

JCC should pay to the Company such agency services fee regularly pursuant to Agreement 2. In determining the services fees or agency rates for these services, the Company will obtain quotations from similar service providers who are Independent Third Parties in the local market. When there are no such prices, the prices will be based on the actual costs incurred in providing such services plus appropriate profits plus applicable taxes. Appropriate profits will be calculated with reference to the actual profit margin applied in trading business of the Company with Independent Third Parties. The profit margin applied in trading business is comparable to that of agency services for sales of products and sourcing of raw materials as the nature, products, procedures and costs involved are substantially the same. The trading business of the Company similarly involves the sourcing of raw materials and sale of products, save for the increased cash flow commitment and risks as the costs would be borne by the Company instead of JCC.

Office lease services

The Company agreed to provide office lease services to the JCC Group in its office premises including its headquarter and office premises of its subsidiaries and subsidiaries incorporated from time to time located in Beijing, Shanghai, Shenzhen and Chengdu, together with other office facilities and common facilities (including the public road, greenery area, stairs, elevators and car parks) adjoining to the premises. During the subsistence of Agreement 2, the JCC Group shall not sub-let such office premises.

In determining the price of the rental and miscellaneous fees, the Company will check from the market the rental of similar type of office in close proximity where the office premises are located and make reference to their price and terms. The price and terms of the office premises leased by JCC from the Company will be not be lower than the price and terms offered by the Company to its Group members and the price and terms offered in the market. The rent and miscellaneous fees shall be payable by JCC to the Company within 5 days after the end of each quarter and monthly, respectively.

Research and development in technology

The Company agreed to provide research and development services in technology to JCC. Due to the exclusivity of the technology involved in the research and development services provided by the Company, there are no sufficient comparable transactions in the market available for reference. The fees for these services will be determined with reference to agreements entered into between the Company and Independent Third Parties from time to time for similar research and development services in technology.

Annual Caps

The historical annual caps under the 2017 Consolidated Supply and Services Agreement II for the three financial years ending 31 December 2020 were RMB3,998,200,000, RMB4,003,700,000 and RMB4,009,200,000 respectively.

The amount of the relevant transactions under the 2017 Consolidated Supply and Services Agreement II for the two financial years ended 31 December 2019 and the six months ended 30 June 2020 were about RMB1,127,597,941.26, RMB1,352,347,184.24 and RMB573,585,315.34 respectively (equivalent to approximately HK\$1,282,877,424.75, HK\$1,538,576,481.56 and HK\$652,572,717.01 respectively).

The Proposed Caps regarding Agreement 2 for each of the three financial years ending 31 December 2021, 31 December 2022 and 31 December 2023 will not exceed RMB2,372,980,000, RMB2,385,910,000, and RMB2,436,170,000 respectively (equivalent to approximately HK\$2,699,758,806, HK\$2,714,469,373 and HK\$2,771,650,587 respectively) and have been determined with reference to (i) the historical transaction amounts under the 2017 Consolidated Supply and Services Agreement II and (ii) the expected expansion of the Group's copper rods and wires business with JCC Group and the expected corresponding increase in JCC Group's demand for the Group's copper rods and wires. As one of the applicable Percentage Ratios in respect of the maximum amount of the Proposed Caps of Agreement 2 exceeds 5%, therefore Agreement 2 and its Proposed Caps are subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Reasons for and benefits of the entering into of Agreement 2

As set out in the section headed “Reasons for and benefits of the entering into of Agreement 1” in this announcement, the principal business of the Group covers copper and gold mining and dressing, smelting and processing, extraction and processing of scattered metals, sulphuric chemistry as well as finance and trading fields. The main products of the Company include more than 50 varieties of products, such as Copper Cathode, gold, silver, sulphuric acid, copper rod and wire, copper tube, copper foil, selenium, tellurium, rhenium and bismuth, etc. The supply of Copper Cathode and copper rod and wire is related to one of the principal businesses of the Company.

Supply of certain products by the Group to the JCC Group can enhance the utilisation rate of waste products produced during manufacturing process, increase the revenue of the Group, and reduce the costs of handling the waste products, which complies with the national environmental policy. Moreover, there is no adverse impact on the Group’s operation when providing services and supplying certain products and waste products to the JCC Group but instead enhances the Group’s economies of scale.

The Directors have also confirmed that the prices charged by the Group for the provision of various materials and consolidated services to the JCC Group pursuant to Agreement 2 will not be lower than those charged on Independent Third Parties and that the terms of Agreement 2 have been determined after arm’s length negotiations between the parties thereto and will be no less favourable than the terms and conditions the Group can otherwise obtain in the market, if applicable. The Directors are of the view that the transactions contemplated under Agreement 2 are entered into in the ordinary and usual course of business of the Group and on normal commercial terms, the terms are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

Mutual Services to be supplied by JCC and the Company under Agreement 1 and Agreement 2

Pursuant to Agreement 1 and Agreement 2, JCC and the Company agreed to provide construction and installation services, machinery and electrical equipment repair services, environmental hygiene and greenery services and office lease services to each other. Since the listing of the Company in 1997 when JCC segregated the business of the Company from the JCC Group, the JCC Group has been providing ancillary services relating to mine exploration and smelting to the Group in order to save cost and ensure the sustainability of operation of the Group. By leveraging on the JCC Group’s existing resources, the Group would be able to minimise both monetary and time cost of establishing its own team, obtaining all kinds of qualifications and building the required expertise to handle all sorts of ancillary services relating to mine exploration and smelting for its

operation in all geographical locations. On the other hand, the Company has been providing construction and installation services and machinery and electrical equipment repair services to members of the JCC Group, including Sichuan JCC Rare Earth Metals Co., Ltd. (四川江銅稀土有限責任公司), Jiangxi Copper Lead & Zinc Metal Co., Ltd. (江西銅業鉛鋅金屬有限公司) and Jiangxi Jinde Lead Co., Ltd.* (江西金德鉛業股份有限公司) since 2008. With the continuous expansion of the Company's business scope, the Company acquired properties in Shanghai, Beijing and Hong Kong during 2010 to 2014 and has been leasing spare offices to members of the JCC Group since 2010. In particular:

- (i) the JCC Group and the Group possess different construction qualifications (such as smelting supporting construction and mine construction). The main qualifications of the JCC Group include: corrosion protection of engineering equipment and pipelines, installation of anti-corrosion facilities, demolition of abandoned smelting facilities, etc. The main qualifications of the Group include: construction of mine slopes, laying of mine fences, excavation of mines, etc. The Company and the JCC Group would provide relevant construction and installation services to each other depending on their respective operating needs and geographical locations. For example, JCC (Guixi) Anti-corrosion Engineering Co., Ltd.* (江西銅業集團(貴溪)防腐工程有限公司), a subsidiary of JCC, would provide engineering equipment and pipeline corrosion protection to the Group's Guixi Smelter Factory* (貴溪冶煉廠); while the Group's Dexing Construction Company* (德興建設公司), would provide relevant construction and exploration services to the mines of the JCC Group;
- (ii) in view of the expertise and knowledge of the Group and the JCC Group in machinery and electrical equipment in the mining industry, the Group and the JCC Group would provide relevant machinery and electrical equipment repair services to each other depending on their respective needs and geographical locations. The Group and the JCC Group own different mines and smelting facilities in different geographical locations which require different machinery and electrical equipment repair services. The JCC Group provides relevant repair services to the mines and smelting facilities of the Group in Guixi, Dexing, Yongping and Dongxiang in Jiangxi Province, while the Group provides relevant equipment repair services to lead zinc smelting and rare earth mine facilities of the JCC Group in Jiujiang in Jiangxi Province and Mianning in Sichuan Province; and

- (iii) the environmental hygiene and greenery services are provided by members of the JCC Group and the Group (as the case may be) depending on their geographical proximity to the community which requires such services. Dexing Construction Company* (德興建設公司), a subsidiary of the Company, which possesses relevant environmental hygiene and greenery capabilities, provides such services to the community within close proximity of Dexing Copper Mine and Yinshan Lead Zinc Mine while members of the JCC Group would provide such services to the communities located in other areas, including Yongping Copper Mine, Wushan Copper Mine and Guixi Smelter Factory* (貴溪冶煉廠).

IV. THE LAND USE RIGHTS LEASING AGREEMENT

The Company entered into the Land Use Rights Leasing Agreement on 27 September 2020 with JCC in relation to the leasing of the land use rights of the Land.

The principal terms of the Land Use Rights Leasing Agreement are summarised as follows:

Date

27 September 2020

Parties

1. the Company; and
2. JCC.

Particulars of the Land Use Rights Leasing Agreement

Pursuant to the Land Use Rights Leasing Agreement, JCC agreed to let the land use rights of the Land covering an area of approximately 50,841,612.77 square meters to the Company for a term of three years commencing from 1 January 2021 up to 31 December 2023 at an annual rate of RMB196,971,013.04 (equivalent to approximately HK\$224,095,536.82). The actual rate will be calculated in accordance with the actual area used by the Group. Such rate was arrived after arm's length negotiations between the Company and JCC with reference to (i) the rent under the 2017 Land Use Rights Leasing Agreement; (ii) the guidance price of land leasing of local government in Jiangxi Province; and (iii) the recent fair trading price. The Group shall pay the rent to JCC within 15 days after the end of each quarter.

The Company has a preferential right to renew the Land Use Rights Leasing Agreement by giving JCC a written notice within 6 months before the expiration of the Land Use Rights Leasing Agreement.

Conditions

The transactions contemplated under the Land Use Rights Leasing Agreement will be subject to the fulfillment of the following conditions:

- (i) the relevant authority of JCC approving the execution of the Land Use Rights Leasing Agreement;
- (ii) the Board and/or general meeting of the Company approving the execution of the Land Use Rights Leasing Agreement in accordance with its articles and relevant regulations of the SSE Listing Rules and Listing Rules; and
- (iii) the relevant land administration authority approving or consenting to the leasing of the land use rights under the Land Use Rights Leasing Agreement or the relevant legal prerequisites for the leasing of the land use rights having been satisfied.

Financial Effects of the Land Use Rights Leasing Agreement

Under the Land Use Rights Leasing Agreement, the rent payable for each quarter (after deducting the value-added tax) is RMB468,978,760.25.

Pursuant to IFRS 16, the value of the right-of-use assets recognised by the Group under the Land Use Rights Leasing Agreement amounts to RMB515,141,822.06, which is calculated by discounting the total rent payable for the 12 quarters during the term thereof (after deducting the value-added tax) by an annual interest rate of 5.55%. All the Percentage Ratios in respect of the right-of-use assets of the Land Use Rights Leasing Agreement are less than 5%, however, it is subject to Independent shareholders' approved requirement under the SSE Listing Rules.

Reasons for and benefits of the entering into of the Land Use Rights Leasing Agreement

Due to historical factors, some of the office buildings and factories of the Group are built on the land owned by the JCC Group. The land use rights leasing approach adopted by the Group to the JCC Group can help reduce investment of the Group.

The Directors have also confirmed that the terms of the Land Use Rights Leasing Agreement have been determined after arm's length negotiation between the parties thereto and will be no less favourable than the terms and conditions the Group can otherwise obtain in the market, if applicable. The Directors are of the view that the transactions contemplated under the Land Use Rights Leasing Agreement are entered into in the ordinary and usual course of business of the Group and on normal commercial terms, the terms are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

V. INTERNAL CONTROL MEASURES

The Company has implemented the following internal control measures in order to ensure that the pricing mechanism and the terms of the continuing connected transactions are fair and reasonable and no less favourable than the terms provided by any Independent Third Party:

- (i) the Supervisory Committee of the Company operates independently of the Board and performs supervisory duties over the Board and the senior management of the Company. It is responsible for supervising the establishment and implementation of internal control. It further conducts review over the Group's connected transactions annually and monitor whether such transactions would damage the interests of the shareholders of the Company;
- (ii) the Audit Committee of the Company is responsible for reviewing and monitoring internal control of the Company;
- (iii) the Supervisory Committee and the Audit Committee shall perform internal review and control over the continuing connected transactions of the Company, including reviewing contracts signed between the Company and connected persons, supervising the performance of procedures prior to signing of contracts as well as the fulfilment of transactions thereunder, regularly inspecting specific terms of the Company's transactions with connected persons and comparing with the terms of same type of transactions of the Company entered into with Independent Third Parties, to ensure that the pricing and other terms for the Group's continuing connected transactions are on normal commercial terms and in the ordinary and usual course of business of the Group, fair and reasonable, and in the interests of the Company and its shareholders; and
- (iv) the external auditor of the Company conducts annual audit and issues its opinion as to the implementation of the continuing connected transactions by the Company and whether such transactions are conducted within the annual caps as approved by the Shareholders.

VI. CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION

JCC is a substantial shareholder holding approximately 43.70% of the total issued share capital of the Company and therefore JCC is a connected person of the Company under the Listing Rules.

The entering into of the Continuing Connected Transactions contemplated under the Agreement 1 and Agreement 2 shall constitute continuing connected transactions of the Company and will therefore be subject to the requirements under Chapter 14A of the Listing Rules. Pursuant to IFRS 16, the Group will recognise the right-of-use assets in relation to the Land Use Rights Leasing Agreement, therefore, the transactions contemplated thereunder shall constitute acquisition of assets and connected transactions of the Company, and will therefore also be subject to the requirements under Chapter 14A of the Listing Rules. The Directors are of the view that the transactions contemplated under the Agreements are entered into in the ordinary and usual course of business of the Group and on normal commercial terms, the terms are fair and reasonable and in the interests of the Company and its Shareholders as a whole.

On 25 September 2020, a Board meeting was convened to approve, among others, the Agreements, the transactions contemplated thereunder and the Proposed Caps (the “**CT Board Resolutions**”).

Save for Mr. Zheng Gaoqing, Mr. Wang Bo, Mr Liu Fangyun and Mr. Yu Tong who are connected directors of JCC and have abstained from voting on the CT Board Resolutions, none of the Directors have a material interest in the Agreements or is required to abstain from voting on the CT Board Resolutions.

As one of the Percentage Ratios in respect of the maximum amount of the Proposed Caps of the continuing connected transactions contemplated under Agreement 1 and Agreement 2 exceeds 5% respectively, therefore they are subject to the reporting, announcement and Independent Shareholders’ approval requirement pursuant to Chapter 14A of the Listing Rules. The transactions contemplated under Land Use Rights Leasing Agreement are also subject to Independent Shareholders’ approval under the SSE Listing Rules. If during the period ending 31 December 2023, the aggregate annual value of the Continuing Connected Transactions contemplated under Agreement 1 or Agreement 2 exceeds the Proposed Caps or there is material change to the Agreements, the Company will take necessary steps to ensure compliance with all applicable rules under Chapter 14A of the Listing Rules.

The transactions contemplated under the Agreements will be subject to obtaining of approvals from the Independent Shareholders at the EGM to approve, inter alia, the Agreements and the transactions contemplated thereunder and the Proposed Caps for Agreement 1 and Agreement 2 (as set out below), in which JCC and its associates will abstain from voting.

If any of the conditions for the Agreements set out herein are not fulfilled by 31 December 2020, the Agreements will lapse and all the obligations and liabilities of the parties to the Agreements will cease and terminate except for any antecedent breach.

As disclosed above, the Company proposed to set the Proposed Caps for the transactions under the Agreement 1 and Agreement 2 as follows:

Agreement	Proposed Caps		
	for the year ending 31 December		
	2021	2022	2023
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Agreement 1	2,111,280,000	2,148,780,000	2,244,080,000
Agreement 2	2,372,980,000	2,385,910,000	2,436,170,000

The amount of the transactions to be received or payable by the relevant parties under each of the Agreements will not be netted off.

VII. EGM

The EGM will be convened at which ordinary resolutions will be proposed to approve, among others, the Agreements and the transactions contemplated thereunder and the Proposed Caps. A circular containing, among others, details of the Agreements, a letter from the Independent Board Committee and a letter of advice from the independent financial adviser, together with the notice of EGM will be despatched to the Shareholders within 15 business days after the date of this announcement. JCC and its associates will abstain from voting in relation to the ordinary resolutions to be put forward at the EGM for the purpose of approving the transactions contemplated under the Agreements.

The Independent Board Committee, comprising all the independent non-executive Directors, has been formed in accordance with the Listing Rules to advise the Independent Shareholders on the terms of the Agreements and the Proposed Caps. Lego has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in relation to the transactions contemplated under the Agreements.

VIII. GENERAL INFORMATION

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).

JCC is a state-owned enterprise and the holding company of the Company. The de facto controller of JCC is Stated-owned Asset Supervision and Administrative Commission of Jiangxi Province. The principal business of JCC covers non-ferrous mines, non-metal mines and non-ferrous smelting and rolling processed products. JCC undertakes the construction of overseas non-ferrous industry and domestic international tendering construction, the necessary equipment for the abovementioned overseas construction, export of materials and the necessary labour sent to overseas for the implementation of the abovementioned overseas construction.

XI. DEFINITIONS

“2017 Agreements”	the 2017 Consolidated Supply and Services Agreement I, 2017 Consolidated Supply and Services Agreement II and the 2017 Land Use Rights Leasing Agreement
“2017 Announcement”	announcement of the Company dated 29 August 2017
“2017 Circular”	circular of the Company dated 8 December 2017
“2017 Consolidated Supply and Services Agreement I”	the consolidated supply and services agreement I dated 29 August 2017 entered into between JCC and the Company for, among others, the supply of various materials and provision of consolidated services by the JCC Group to the Group
“2017 Consolidated Supply and Services Agreement II”	the consolidated supply and services agreement II dated 29 August 2017 entered into between JCC and the Company for, among others, the supply of various materials and provision of consolidated services by the Company to the JCC Group
“2017 Land Use Rights Leasing Agreement”	the leasing agreement dated 29 August 2017 entered into between the Company and JCC in respect of leasing of the land use rights of the Land
“A Shares”	Renminbi-denominated domestic shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange
“Agreement 1”	the consolidated supply and services agreement dated 27 September 2020 entered into between JCC and the Company for, among others, the supply of various materials and provision of consolidated services by JCC Group to the Group
“Agreement 2”	the consolidated supply and services agreement dated 27 September 2020 entered into between JCC and the Company for, among others, the supply of various materials and provision of consolidated services by the Company to the JCC Group

“Agreements”	Agreement 1, Agreement 2 and Land Use Rights Leasing Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Blister Copper”	copper which has been cast after passing through a converter. Blister copper is approximately 98.5% copper and takes its name from “blisters” that form on the surface
“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
“Continuing Connected Transactions ”	those continuing connected transactions contemplated under Agreement 1 and Agreement 2
“Copper Cathode”	copper sheet which contains 99.9% and above copper produced by either an electrolytic refining process or by electrowinning
“Copper Concentrate”	a product of the concentrator usually containing 20% to 30% copper, which is a raw material for smelting
“Directors”	director(s) of the Company
“EGM”	an extraordinary general meeting of the Company to be held to consider, among others, the ordinary resolutions to be proposed to approve the Agreements and the Proposed Caps
“Group”	the Company and its subsidiaries from time to time
“IFRS 16”	the International Financial Reporting Standards 16 “Leases”

“Independent Board Committee”	an independent committee of the Board comprising all the independent non-executive Directors established to advise the Independent Shareholders on the Agreements and the transactions contemplated thereunder
“Independent Shareholders”	Shareholders other than JCC and its associates
“Independent Third Party(ies)”	party(ies) who and whose ultimate beneficial owners are third parties independent of the Group and its connected persons
“JCC”	Jiangxi Copper Corporation Limited (formerly known as Jiangxi Copper Corporation), a substantial shareholder of the Company, holding approximately 43.70% of the total issued share capital of the Company
“JCC Group”	JCC and its subsidiaries (other than the Group) from time to time
“Land”	lands covering an area of approximately 50,841,612.77 square meters situated in Jiangxi
“Land Use Rights Leasing Agreement”	the land use rights leasing agreement dated 27 September 2020 entered into between the Company and JCC in respect of the Land
“Lego” or “Independent Financial Adviser”	Lego Corporate Finance Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LME”	London Metal Exchange
“Percentage Ratios”	the applicable percentage ratios under Rule 14.07 of the Listing Rules

“PRC”	the People’s Republic of China
“Proposed Cap(s)”	the proposed maximum annual aggregate value(s) for the Continuing Connected Transactions contemplated under Agreement 1 and Agreement 2
“Scrap Copper”	the waste produced in the copper industry and/or industrial waste abandoned after being used with copper content
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary share(s) of RMB1.00 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares of the Company
“SSE Listing Rules”	the rules governing the listing of securities on the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC

By Order of the Board
JIANGXI COPPER COMPANY LIMITED
Zheng Gaoqing
Chairman

Nanchang, Jiangxi, the PRC, 27 September 2020

Translation of Renminbi into Hong Kong dollars is based on the exchange rate of RMB0.87896 = HK\$1.

As at the date of this announcement, the executive Directors are Mr. Zheng Gaoqing, Mr. Wang Bo, Mr. Gao Jianmin, Mr. Liang Qing, Mr. Liu Fangyun, 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.

* *For identification purposes only*