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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)

**CONTINUING CONNECTED TRANSACTION
RELATING TO THE NEW
MUTUAL GUARANTEES AGREEMENT**

NEW MUTUAL GUARANTEES AGREEMENT

Reference is made to the Announcement in relation to the Mutual Guarantees Agreement entered into among Heding Copper, Fuye Group, Fuyang Yuanhe and Xuancheng Quanxin on 15 September 2015.

As the timing for execution of loan facilities under the Mutual Guarantees Agreement expired on 31 December 2016 and in order to provide mutual financing support, Heding Copper intends to continue to carry on the foregoing transactions with Fuye Group under the Mutual Guarantees Agreement, Heding Copper, Fuye Group and the Counter Guarantors have entered into the New Mutual Guarantees Agreement on 22 January 2017.

As at the date of this announcement, as confirmed by Heding Copper and so far as the Directors are aware, Fuye Group is a substantial shareholder of Heding Copper and the Counter Guarantors are beneficially owned by Fuye Group. Therefore, Fuye Group and the Counter Guarantors are connected persons of the Company. Accordingly, the New Mutual Guarantees Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the New Mutual Guarantees Agreement is entered into among Heding Copper and connected persons at the subsidiary level on normal commercial terms and has been approved by the Board and the Directors (including independent non-executive Directors) are of the view that the transactions contemplated thereunder are on normal commercial terms and are fair and reasonable and in the interest of the Company and its Shareholders as a whole, the continuing connected transactions contemplated thereunder are subject to the reporting and announcement requirements but exempt from the independent Shareholders' approval requirement pursuant to Rule 14A.101 of the Listing Rules.

BACKGROUND

Reference is made to the Announcement in relation to the Mutual Guarantees Agreement entered into among Heding Copper, Fuye Group, Fuyang Yuanhe and Xuancheng Quanxin on 15 September 2015.

As the timing for execution of loan facilities under the Mutual Guarantees Agreement expired on 31 December 2016 and in order to provide mutual financing support, Heding Copper intends to continue to carry on the foregoing transactions with Fuye Group under the Mutual Guarantees Agreement, Heding Copper, Fuye Group and the Counter Guarantors have entered into the New Mutual Guarantees Agreement on 22 January 2017.

NEW MUTUAL GUARANTEES AGREEMENT

The terms of the New Mutual Guarantees Agreement are summarised as follows:

Date

22 January 2017

Parties

1. Heding Copper;
2. Fuye Group;
3. Jiangxi Jinhui Copper; and
4. Shangrao Hefeng Copper.

Mutual Guarantees

Heding Copper and Fuye Group agreed that the aggregated annual balance amount of guarantee for each other's obligations in respect of loan facilities which they may respectively obtain from financial institutions for the period from 1 January 2017 to 31 December 2018 shall not exceed RMB1,500,000,000 respectively (which shall include the amount of guarantees that were provided by Heding Copper and Fuye Group to each other prior to 1 January 2017 and are valid during the term of the New Mutual Guarantees Agreement), provided that the execution of each loan facility shall take place within the period from 22 January 2017 to 31 December 2017 and the term of each loan facility shall not exceed 12 months.

Fuye Group undertook that in the event that the debt to asset ratio of Fuye Group reached 70%, Fuye Group shall not execute new loan facilities and shall inform Heding Copper in writing immediately and Heding Copper shall not provide further guarantees for the loan facilities obtained by Fuye Group until it has performed relevant approval procedures.

Counter-guarantees

The Counter Guarantors agreed to act as the counter-guarantors of Fuye Group, of which, they shall counter-guarantee Fuye Group with all their assets for the liabilities of Fuye Group for guarantees provided by Heding Copper to Fuye Group under the loan facilities executed during the period from 22 January 2017 to 31 December 2017 pursuant to the New Mutual Guarantees Agreement jointly and severally.

Annual Cap

As at 31 December 2016 and as at the date of this announcement, the balance amount of guarantee provided by Heding Copper to Fuye Group was RMB1,193,138,700 and RMB1,145,553,700 respectively. The maximum amount of guarantee provided by Heding Copper to Fuye Group was RMB1,500,000,000 during the year ended 31 December 2016. Heding Copper has not provided new guarantee to Fuye Group for the period from 31 December 2016 to 21 January 2017.

The Proposed Cap, that is the proposed maximum aggregated annual balance amount of guarantees to be provided by each of Heding Copper and Fuye Group to the other for loan facilities, shall be RMB1,500,000,000 (equivalent to approximately HK\$1,697,005,351) (which shall include the amount of guarantees that were provided by Heding Copper and Fuye Group to each other prior to 1 January 2017 and are valid during the term of the New Mutual Guarantees Agreement). In arriving at the above annual cap, the Directors have considered the production and operation needs of Heding Copper for the period from the date of the New Mutual Guarantees Agreement

to 31 December 2017 and for the financial year ending 31 December 2018 and the abovementioned historical amount of guarantee provided by Heding Copper to Fuye Group under the Mutual Guarantees Agreement.

Status of Guarantees Provided by the Group

As at the date of this announcement, the total amount of external guarantees provided by the Group amounted to RMB1,145,553,700 (equivalent to approximately HK\$1,296,007,173), accounting for approximately 2.50% of the Company's audited net assets for the latest period, and there were no overdue external guarantees provided by the Company. The total amount of guarantees provided by the Company to its controlled subsidiaries was nil.

REASONS FOR AND BENEFITS OF THE NEW MUTUAL GUARANTEES AGREEMENT

It is a common practice for financial institutions in the PRC to request for corporate guarantee as a security for loan facilities granted to borrowers. The execution of the New Mutual Guarantees Agreement enables Heding Copper to receive financing from lenders in order to support its ordinary and usual course of business.

As the maximum amount of guarantees to be provided by Heding Copper to Fuye Group will not exceed the maximum amount of guarantees to be received by Heding Copper from Fuye Group pursuant to the New Mutual Guarantees Agreement, the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the New Mutual Guarantees Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

The transactions contemplated under the New Mutual Guarantees Agreement are entered into in the ordinary and usual course of business of the Group. All of the Directors have approved the board resolutions relating to the Mutual Guarantees Agreement on 22 January 2017 (the "**Board Resolutions**"). The Independent non-executive Directors further considered that the mutual guarantee under the New Mutual Guarantees Agreement do not affect the Company's independence and normal operations and the transactions contemplated thereunder are not prejudicial to the interests of the minority Shareholders, the Company could effectively control and prevent associated risks and the decision-making procedure complies with the relevant requirements.

None of the Directors have a material interest in the New Mutual Guarantees Agreement or is required to abstain from voting on the Board Resolutions in relation to the New Mutual Guarantees Agreement.

LISTING RULES IMPLICATIONS

At the date of this announcement, as confirmed by Heding Copper and so far as the Directors are aware, Fuye Group is a substantial shareholder of Heding Copper. The Counter Guarantors are beneficially owned by Fuye Group. Therefore, Fuye Group and the Counter Guarantors are connected persons of the Company. Accordingly, the New Mutual Guarantees Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the New Mutual Guarantees Agreement is entered into among Heding Copper and connected persons at the subsidiary level on normal commercial terms and has been approved by the Board and the Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the New Mutual Guarantees Agreement are on normal commercial terms and are fair and reasonable and in the interest of the Company and its Shareholders as a whole, the continuing connected transactions contemplated thereunder are subject to the report and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A.101 of the Listing Rules.

If during the period ending 31 December 2018, the aggregate annual balance amount of the guarantees contemplated under the New Mutual Guarantees Agreement exceeds the Proposed Cap or there is material change to the New Mutual Guarantees Agreement, the Company will take necessary steps to ensure compliance with all applicable rules under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

Information on the Company

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: non-ferrous metal, rare metals and non-metallic ores; smelting, rolling processing and further processing of non-ferrous metal and related by-products; after sale services for self-manufactured products; overseas futures and hedging business and related enquiry services and business.

Information on Heding Copper

Since October 2015, the Company has possessed the right of control of Heding Copper through a parties acting in concert agreement dated 19 September 2015 entered into between the Company and a shareholder of Heding Copper and the results of Heding Copper have been consolidated into the audited financial statements of the Group. Therefore, Heding Copper is a subsidiary of the Company under the Listing Rules.

As confirmed by Heding Copper, the principal business of Heding Copper comprises the production, processing, sales and relevant technical services of copper cathode and sulfuric acid, investment and operation of projects of non-ferrous metals and relevant industries, sales of anode mud, water granulated slag, tailings, gypsum, nickel sulfate and zinc oxide, and import and export business of goods and techniques (excluding items prohibited by laws and administrative regulations; items restricted by laws and administrative regulations can only be carried out after obtaining permits).

As of 31 December 2015, the total assets, total liabilities and net assets of Heding Copper were RMB3,389,335,668, RMB2,413,543,777 and RMB975,791,891 respectively. The realised operating income and net profit for the year ended 31 December 2015 were RMB5,289,026,199 and RMB73,070,469 respectively.

As of 30 September 2016, the total assets, total liabilities and net assets of Heding Copper were RMB3,777,849,394, RMB2,326,539,645 and RMB1,451,309,749 respectively. The realised operating income and profit for the first three quarters in 2016 were RMB4,022,426,182 and RMB72,627,212 respectively.

Information on Fuye Group

As confirmed by Fuye Group, the principal business of Fuye Group comprises refining and processing of copper cathode, gold and silver, and processing of copper sulfate, sulfuric acid, nickel sulfate, zinc oxide, copper materials and silver products; the exports of self-produced products and techniques of the company, and the import of auxiliary raw materials, apparatus, instrument, machinery and equipment, components and parts, technique required for production and scientific research of the company (excluding commodities and technologies whose import and export are restricted or prohibited by the PRC), imported materials processing and “three-plus-one” business, and all other lawful projects not subject to reporting, review and approval.

As of 31 December 2015, the total assets, total liabilities and net assets of Fuye Group were RMB2,638,075,944, RMB1,671,033,695 and RMB967,042,249 respectively. The realised operating income and net profit for the year ended 31 December 2015 were RMB6,514,879,037 and RMB90,793,178 respectively.

As of 30 September 2016, the total assets, total liabilities and net assets of Fuye Group were RMB3,113,985,507, RMB1,941,390,659 and RMB1,172,594,848 respectively. The realised operating income and profit for the first three quarters in 2016 were RMB4,351,612,220 and RMB224,181,557 respectively.

Information on Jiangxi Jinhui Copper

As confirmed by Jiangxi Jinhui Copper, Jiangxi Jinhui Copper's primary business comprises the smelting and processing of secondary non-ferrous metals (copper, aluminium and zinc), the smelting and processing of rare metals, the sale and purchase of metal materials, the recycling and sale of scrap materials (except productive scrap metals).

Information on Shangrao Hefeng Copper

As confirmed by Shangrao Hefeng Copper, Shangrao Hefeng Copper's primary business comprises acquisition, processing and sales of non-ferrous metals, rare metals, metal materials, building materials and metal mining residue.

DEFINITIONS

“Announcement”	the announcement of the Company dated 22 March 2016 in respect of the Mutual Guarantees Agreement
“Articles of Association”	the articles of association of the Company
“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
“Counter Guarantors”	Jiangxi Jinhui Copper and Shangrao Hefeng Copper
“Directors”	director(s) of the Company
“Fuyang Yuanhe”	Hangzhou Fuyang Yuanhe Industrial Co., Ltd. (杭州富陽緣和實業有限公司), a limited liability company established in the PRC, the beneficial owner of which is Fuye Group
“Fuye Group”	Zhejiang Fuye Group Co., Ltd. (浙江富冶集團有限公司), a limited liability company established in the PRC

“Group”	the Company and its subsidiaries from time to time
“Heding Copper”	Zhejiang Jiangtong Fuye Heding Copper Co., Ltd. (浙江江銅富冶和鼎銅業有限公司), a limited liability company established in the PRC, which is held as to 40%, 40%, 15% and 5% by the Company, Fuye Group, Xuancheng Quanxin and Fuyang Yuanhe respectively
“Jiangxi Jinhui Copper”	Jiangxi Jinhui Copper Co., Ltd.* (江西金滙銅業有限公司), a limited liability company established in the PRC, the beneficial owner of which is Fuye Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mutual Guarantees Agreement”	the mutual guarantees agreement dated 15 September 2015 entered into among Heding Copper, Fuye Group, Fuyang Yuanhe and Xuancheng Quanxin for the provision of mutual guarantee among the parties thereto
“New Mutual Guarantees Agreement”	the mutual guarantees agreement dated 22 January 2017 entered into among Heding Copper, Fuye Group and the Counter Guarantors for the provision of mutual guarantees between Heding Copper and Fuye Group
“PRC”	the People’s Republic of China
“Proposed Cap”	the proposed maximum aggregated annual balance amount of guarantees to be provided by each of Heding Copper and Fuye Group to the other for loan facilities contemplated under the New Mutual Guarantees Agreement
“Shanghai Listing Rules”	the rules governing the listing of securities on the Shanghai Stock Exchange
“Shangrao Hefeng Copper”	Shangrao Hefeng Copper Co., Ltd.* (上饒和豐銅業有限公司), a limited liability company established in the PRC, the beneficial owner of which is Fuye Group
“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
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Xuancheng Quanxin”	Xuancheng Quanxin Mining Co., Ltd. (宣城全鑫礦業有限公司), a limited liability company incorporated in the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

By Order of the Board
JIANGXI COPPER COMPANY LIMITED
Li Baomin
Chairman

Nanchang, Jiangxi, the PRC, 23 January 2017

In this announcement, the English translation of certain Chinese entities which are marked with “” is for identification purpose only.*

Translation of Renminbi into Hong Kong dollars is based on the exchange rate of HK\$1.00 = RMB0.88391.

As at the date of this announcement, the executive Directors are Mr. Li Baomin, Mr. Long Ziping, Mr. Gao Jianmin, Mr. Liang Qing, Mr. Wang Bo, Mr. Wu Jinxing and Mr. Wu Yuneng; and the independent non-executive Directors are Mr. Tu Shutian, Mr. Zhang Weidong, Mr. Sun Chuanyao and Mr. Liu Erfei.