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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 TRANSACTIONS**  
**ENTERING INTO NEW FINANCIAL SERVICES AGREEMENT**

Reference is made to the 2019 Announcement in relation to, among others, the continuing connected transactions regarding the 2019 Financial Assistance Agreement entered into between JCC Financial and JCC on 30 December 2019.

In order to further improve the reasonable allocation of assets, fully realise the sharing of resources and supplement of advantages between all parties, so as to enhance the overall efficacy of the Company, on 28 May 2021, JCC Financial and JCC entered into the New Financial Services Agreement, whereupon the 2019 Financial Assistance Agreement shall be terminated on the effective date of the New Financial Services Agreement.

As at the date of this announcement, JCC is a controlling shareholder of the Company and thus a connected person of the Company. Accordingly, the New Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the maximum daily balance of credit services to be provided by JCC Financial to JCC Group under the New Financial Services Agreement is less than 5% under any of the applicable Percentage Ratios, it is subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the 2019 Announcement in relation to, among others, the continuing connected transactions regarding the 2019 Financial Assistance Agreement entered into between JCC Financial and JCC on 30 December 2019, pursuant to which the term is from 1 January 2020 to 31 December 2022, and the maximum daily balance of credit services thereunder shall be no more than RMB2,000 million.

## **I. ENTERING INTO NEW FINANCIAL SERVICES AGREEMENT**

### **1. BACKGROUND**

In order to further improve the reasonable allocation of assets, fully realise the sharing of resources and supplement of advantages between all parties, so as to enhance the overall efficacy of the Company, on 28 May 2021, JCC Financial and JCC entered into the New Financial Services Agreement, whereupon the 2019 Financial Assistance Agreement shall be terminated on the effective date of the New Financial Services Agreement.

### **2. NEW FINANCIAL SERVICES AGREEMENT**

The terms of the New Financial Services Agreement are summarised as follows:

#### ***Date***

28 May 2021

#### ***Parties***

1. JCC; and
2. JCC Financial, a wholly-owned subsidiary of the Company.

#### ***Conditions***

The New Financial Services Agreement shall become effective upon the relevant approval on the New Financial Services Agreement, the transactions contemplated thereunder and the relevant annual caps in accordance with the Listing Rules and/or the Shanghai Listing Rules (if applicable) having been obtained.

## ***Term***

The term of the New Financial Services Agreement shall commence from 1 June 2021 to 31 December 2023. The 2019 Financial Assistance Agreement shall be terminated on the effective date of the New Financial Services Agreement.

## ***Particulars of the New Financial Services Agreement***

Pursuant to the New Financial Services Agreement, the financial services provided by JCC Financial to JCC Group are paid services within the economic exchanges between enterprises. The service provider has the right to charge reasonable fees for the services provided in accordance with the principles of fair market, and the service recipient also assumes the corresponding payment obligations. Such services include:

- a. cash deposit services;
- b. settlement services; and
- c. credit services.

### ***a. Cash deposit services***

Pursuant to the New Financial Services Agreement, JCC Financial agreed to accept deposits from JCC Group at interest rates with reference to the deposit rates uniformly promulgated by the PBOC or not higher than those rates quoted by other financial institutions in the PRC to JCC Group for similar services, which shall also not be higher than such rates offered by JCC Financial to other independent third parties.

Since the deposit services of JCC Financial are on normal commercial terms or better and are in the benefit of the Group where no security over the assets of or guarantee by the Group in relation to the deposits provided by JCC Group to JCC Financial is required, pursuant to Rule 14A.90 of the Listing Rules, the Company is exempt from all reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. In view of the fact that the provision of the cash deposit services is fully exempt under Rule 14A.90 of the Listing Rules, the interest to be payable by JCC Financial for the provision of cash deposit services to JCC Group will also be exempted under Rule 14A.90 of the Listing Rules.

*b. Settlement services*

JCC Financial agreed to provide JCC Group with settlement services for goods or capital payment to third parties and settlement services of which the fees are prescribed by the State. The service fees will be payable by JCC Group to JCC Financial each time when the service is provided and are charged in accordance with the applicable rates prescribed by the State. The service fees to be charged by JCC Financial for each of the period from 1 June 2021 to 31 December 2021 and the two financial years ending 31 December 2023 under the New Financial Services Agreement will not exceed RMB10 million (equivalent to approximately HK\$12.153 million).

Given that JCC Financial will not itself advance any amount to settle the payables of JCC Group, and the funding used for settlement purposes will be paid by JCC Group to settle any amount payable to third parties by JCC Group, only the fees chargeable by JCC Financial for provision of settlement services will be subject to the relevant requirements under Chapter 14A of the Listing Rules.

All the applicable Percentage Ratio(s) in respect of the service fees under the settlement services in aggregate are expected to be less than 0.1% on an annual basis. Therefore, pursuant to Rule 14A.76 of the Listing Rules, the provision of such settlement services by JCC Financial will constitute de minimis continuing connected transactions which are exempt from all the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

*c. Credit services*

Pursuant to the New Financial Services Agreement, JCC Financial will provide credit services (including but not limited to loan services, discounted notes, commercial note acceptance, guarantee, overdraft, accounts receivable factoring and finance leases) to JCC Group. JCC Financial and JCC agreed that the total daily outstanding balance of the credit services by JCC Financial to JCC Group shall not exceed RMB2,900 million (equivalent to approximately HK\$3,524 million) and the total daily amount of deposits of members of JCC Group maintained with JCC Financial shall be larger than the total daily outstanding balance of such credit services. JCC Group agreed to provide joint and several credit guarantee to JCC Financial for loans provided to members of JCC Group. In the event that any member of JCC Group breaches the terms of the New Financial Services Agreement or relevant implementation agreements in utilising the credit services, resulting in JCC Financial being unable to recover all or part of the loans, JCC Financial is entitled to offset the loan (including but not limited to the interests, default interest, liquidated damages and other expenses in realising the debt) provided by JCC Financial to members of JCC Group by the deposit of JCC Group maintained with JCC Financial. The amount of credit services provided to JCC Group by JCC Financial shall in no event exceed the proposed cap under the New Financial Services Agreement, and shall be offered by JCC Financial on normal commercial terms or better to JCC Financial.

Interest rates for such loans charged by JCC Financial will be payable by JCC Group on a monthly or quarterly basis depending on the terms of the loan agreements to be entered into between the parties and are subject to the compliance with relevant guidelines and regulations of PBOC, with reference to the loan rate policy uniformly promulgated by the PBOC or at a rate not lower than those offered by other domestic financial institutions to JCC Group for loan services of similar nature.

**Termination**

Any of JCC Financial and the JCC Group may terminate the New Financial Services Agreement by serving 7 days prior written notice to the other party.

## **Proposed cap**

The historical maximum daily balance of credit services provided by JCC Financial to JCC Group for the two financial years ended 31 December 2020 and for the period from 1 January 2021 to 27 May 2021 were RMB1,378 million, RMB1,897 million and RMB1,923 million respectively (equivalent to approximately HK\$1,675 million, HK\$2,305 million and HK\$2,337 million respectively).

The proposed cap, that is the maximum daily balance of credit services to be provided by JCC Financial to JCC Group, for each of the period from 1 June 2021 to 31 December 2021 and for the two financial years ending 31 December 2023 will not exceed RMB2,900 million (equivalent to approximately HK\$3,524 million).

In arriving at the above cap, the Directors have considered the surplus fund of each member of JCC Group and the historical amount of relevant transactions in 2019, 2020 and the period from 1 January 2021 to 27 May 2021. The Directors are of the view that the Group has sufficient funds for provision of such credit services to JCC Group as the proposed cap for the period from 1 June 2021 to 31 December 2021 and for each of the two financial years ending 31 December 2023 would not exceed the amount of deposits of members of JCC Group maintained with JCC Financial. The provision of credit services by JCC Financial to JCC Group is subject to the compliance with the relevant internal control measures, procedures and guidelines of JCC Financial, details of which are set out in the section headed “Risk control measures” below.

## **Risk control measures**

To alleviate and monitor the risk of JCC Financial under the New Financial Services Agreement, the following key measures are in place:

- (i) As a non-bank financial institution authorised by CBIRC, the business of JCC Financial is continuously and strictly supervised by CBIRC. JCC Financial is required to provide regulatory report to CBIRC on a monthly basis;
- (ii) Under the guidance and supervision of CBIRC, JCC Financial has established comprehensive risk management system and internal control policies which effectively control risks and safeguard the assets safety of JCC Financial;

- (iii) The independent audit committee of the Company has incorporated the risk management measures of JCC Financial in its overall risk management framework and will oversee the compliance of such policies and operations of the risk management committee of JCC Financial, including performing a detailed annual assessment;
- (iv) As part of its standard approval procedures, JCC Financial will adopt measures to ensure that the total outstanding balance of loans and financing services to JCC Group shall not exceed the total amount of deposits from members of JCC Group and the maximum daily balance of the outstanding loan to JCC Group shall not exceed the proposed cap under the New Financial Services Agreement;
- (v) The risk management committee will conduct risk assessments for all transactions under the New Financial Services Agreement at various stages of the transactions (including prior to the transactions, during the course of the transactions and post-transactions) which will be subject to regular review by the audit committee;
- (vi) JCC Group agreed to provide guarantee to JCC Financial for all the credit services provided to JCC Group;
- (vii) The Company will ensure strict adherence to comprehensive internal guidelines and procedures regarding the control of financial risks and ensure strict adherence to all applicable regulatory laws and regulations; and
- (viii) The business approval process of JCC Financial will not be subject to any influence from JCC Group for the following reasons:
  - (a) laws and regulatory supervision – the implementation of JCC Financial’s business approval process and internal controls are subject to CBIRC’s review and supervision. CBIRC requires JCC Financial to observe independence when approving businesses, failing which, will constitute a breach of PRC rules and regulations and will be subject to severe penalties. Each individual involved in the loan approval process will be held personally liable for any failure to comply strictly with the relevant rules and regulations;
  - (b) guidelines and procedures regarding loans to JCC Group which are approved and regularly reviewed by the independent audit committee will be strictly followed by JCC Financial; and
  - (c) operations of the risk management committee are subject to review by independent audit committee.

### **3. REASONS FOR AND BENEFITS OF ENTERING INTO THE NEW FINANCIAL SERVICES AGREEMENT**

The transfer of net deposit (i.e. excess of the total daily deposit balance of JCC Group over the total daily loan balance to JCC Group) by JCC Group to JCC Financial shall be beneficial for JCC Financial to supplement the available financial resources of JCC Financial and enhance the profitability of JCC Financial and hence enhances the profitability of the Company. The risk control measures adopted by JCC Financial and the Company are sufficient to ensure that their assets would not suffer any loss from the transactions contemplated under the New Financial Services Agreement. The Directors (including the independent non-executive Directors but excluding the Connected Directors) consider that the terms of the New Financial Services Agreement are fair and reasonable, and in the interest of the Company and the Shareholders as a whole.

In addition, the transactions contemplated under the New Financial Services Agreement are beneficial to the reasonable allocation and full utilisation of the assets of the Group and JCC Group, which provides for the sharing of resources and supplement of advantages between each other and are beneficial in enhancing the Company's overall efficacy.

The independent non-executive Directors are of the view that the transactions contemplated under the New Financial Services Agreement are on normal commercial terms and in the ordinary course of business of the Group. As the pricing and terms thereunder are fair and reasonable and the procedure is legal, the interests of the minority Shareholders are not prejudiced, and the transactions contemplated thereunder are fair and reasonable to the Company and all the Shareholders and in the interest of the Company and the Shareholders as a whole.

Save for Mr. Zheng Gaoqing, Mr. Wang Bo, Mr. Yu Tong and Mr. Liu Fangyun who are the Connected Directors and have abstained from voting on the Board resolutions on 28 May 2021 relating to, among others, the New Financial Services Agreement, none of the Directors has a material interest in the New Financial Services Agreement or is required to abstain from voting on the Board resolutions in relation to the New Financial Services Agreement.



## **II. LISTING RULES IMPLICATIONS**

As at the date of this announcement, JCC is a controlling shareholder of the Company and thus a connected person of the Company. Accordingly, the New Financial Services Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the maximum daily balance of credit services to be provided by JCC Financial to JCC Group under the New Financial Services Agreement is less than 5% under any of the applicable Percentage Ratios, it is subject to the reporting, annual review and announcement requirements but exempt from the independent shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

## **III. GENERAL INFORMATION**

### **1. INFORMATION OF 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: mining, milling, smelting, further processing and related technical services of non-ferrous metals and rare metals; smelting, mangle processing and further processing of non-ferrous metal mines, rare metals, non-metal mines, non-ferrous metals and related by-products; sulfur chemical products and its extended products and fine chemical products related to the abovementioned operations; trading of non-ferrous metals and trading of precious metals; beneficiation pharmacy, rubber products; production and processing of toxic chemicals, corrosives, compressed gases and liquefied gases; sale and after-sale services for self-produced products together with related consultation services and businesses; geotechnical projects, surveying, tunneling projects; repair and decoration for electrical and mechanical and civil engineering works; vehicles and engineering machinery repair, mobile crane repair; production of rubber hoses assemblies-wire reinforced hydraulic type; casting of wear-resistant alloy products; manufacturing, further processing, erection, repair and sale of mining and smelting specialized equipment; painting, insulation and anticorrosion works; cleansing of industrial equipment; passenger and freight transportation (including dangerous goods transportation), freight transportation agent, warehousing (except dangerous goods); property leasing; technology consulting and service; technology development and transfer; 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.)

## **2. INFORMATION ON JCC FINANCIAL**

JCC Financial is a wholly-owned subsidiary of the Company and is located in No. 527, Erqi North Road, Nanchang City, Jiangxi Province, the PRC. It was established on 8 December 2006 and has a registered capital of RMB2,600 million. Its legal representative is Mr. Yu Tong.

The principal business of JCC Financial comprises providing the members of the JCC Group and members of the Group (collectively referred to as the Member Entities) with financial and financing consultations, credit authentication and related consultations, and agency business; assisting the Member Entities to collect and pay the amount of transactions; engaging in approved insurance agency business; providing guarantees to the Member Entities; handling of the entrusted loans and entrusted investment among the Member Entities; handling acceptance and discounts of notes, internal transfer and relevant settlement and designing of settlement plan for the Member Entities; providing deposit, loan and finance lease services for the Member Entities; engage in inter-bank lending; issuing approved bonds of JCC Financial; underwriting corporate bonds of Member Entities; equity investment in financial institutions; and investment in marketable securities (operation activities for the above projects which require approval in accordance with the law shall only be carried out with the approval of relevant departments).

As of 31 December 2020, the audited total assets and net assets of JCC Financial were RMB20,766.65 million and RMB3,676.80 million respectively. From January to December 2020, the realised operating income and net profit of JCC Financial were RMB463.08 million and RMB302.28 million respectively.

As of 30 April 2021, the unaudited total assets and net assets of JCC Financial were RMB17,414.81 million and RMB3,789.34 million respectively. From January to April 2021, the realised operating income and net profit of JCC Financial were RMB160.58 million and RMB112.54 million respectively.

### 3. INFORMATION ON JCC

JCC, a wholly state-owned enterprise, de facto controller of which is the State-owned Assets Supervision and Administration Commission of Jiangxi Province, is the controlling shareholder of the Company and located in 15 Yejin Avenue, Guixi City, Jiangxi Province, the PRC. It has a registered capital of RMB6,729.6461 million and its legal representative is Mr. Zheng Gaoqing.

JCC's principal business covers non-ferrous mines, non-metal mines, smelting and rolling processing of non-ferrous metal products, contracting of overseas non-ferrous industry projects and domestic international tender projects, export of the necessary equipment and materials for the abovementioned overseas projects, and assigning the necessary labour to overseas for the implementation of the abovementioned overseas projects.

As of 31 December 2020, the audited total assets and net assets of JCC were RMB169,290.38 million and RMB71,132.15 million respectively. From January to December 2020, the realised operating income and net profit of JCC were RMB336,859.17 million and RMB2,855.55 million respectively.

As of 31 March 2021, the unaudited total assets and net assets of JCC were RMB183,850.20 million and RMB73,018.54 million respectively. From January to March 2021, the realised operating income and net profit of JCC were RMB106,101.75 million and RMB886.20 million respectively.

### IV. DEFINITIONS

“2019 Announcement”	the announcement of the Company dated 30 December 2019 in respect of, among others, the 2019 Financial Assistance Agreement
“2019 Financial Assistance Agreement”	the financial assistance agreement dated 30 December 2019 entered into between JCC and JCC Financial for, among others, the provision of financial assistance by JCC Group to JCC Financial and provision of financial services by JCC Financial to JCC Group
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors

“CBIRC”	China Banking and Insurance Regulatory Commission
“Company”	Jiangxi Copper Company Limited, a Sino-foreign joint venture joint stock limited company incorporated in the PRC
“Connected Directors”	the Directors who are connected to JCC Group, including, Mr. Zheng Gaoqing, Mr. Wang Bo, Mr. Yu Tong and Mr. Liu Fangyun
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time
“JCC”	Jiangxi Copper Corporation Limited, a controlling shareholder of the Company holding approximately 42.18% (43.72% if including Shares lent through securities lending) of the total issued share capital of the Company as at 27 May 2021
“JCC Financial”	JCC Finance Company Limited (江西銅業集團財務有限公司), a wholly-owned subsidiary of the Company and a limited liability company established in the PRC on 8 December 2006
“JCC Group”	JCC and its subsidiaries (other than the Group) from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“New Financial Services Agreement”	the financial services agreement dated 28 May 2021 entered into between JCC and JCC Financial for, among others, the provision of financial services by JCC Financial to JCC Group
“PBOC”	the People’s Bank of China

“Percentage Ratio(s)”	the percentage ratio(s) as defined in Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Shanghai Listing Rules”	the rules governing the listing of stocks on the Shanghai Stock Exchange
“Share(s)”	ordinary share(s) of RMB1.00 each in the share capital of the Company
“Shareholder(s)”	the holder(s) of the Shares
“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
“%”	per cent

*For this announcement, translation of RMB into HK\$ is based on the exchange rate of RMB1 = HK\$1.2153, and for illustrative purpose only.*

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

Nanchang, Jiangxi, the PRC, 28 May 2021

*As at the date of this announcement, the executive Directors are Mr. Zheng Gaoqing, Mr. Wang Bo, Mr. Gao Jian-min, Mr. Liang Qing, Mr. Yu Tong and Mr. Liu Fangyun; and the independent non-executive Directors are Mr. Tu Shutian, Mr. Liu Erh Fei, Mr. Liu Xike and Mr. Zhu Xingwen.*