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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**

References are made to the 2020 Announcement and the 2020 Circular in relation to, among other things, the continuing connected transactions and connected transaction of the Company contemplated under the 2020 Agreements (as the case may be).

As the 2020 Agreements and their respective annual caps will expire on 31 December 2023 and the Group intends to continue to carry out the transactions under the 2020 Agreements, the Company has entered into the Agreements with JCC on 10 November 2023.

As at the date of this announcement, as JCC holds approximately 43.72% of the issued share capital of the Company, JCC is a controlling Shareholder 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 a connected transaction of the Company respectively under Chapter 14A of the Listing Rules.

As the A Shares 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 highest amount of the Proposed Caps for the continuing connected transactions contemplated under Agreement 1 and Agreement 2 exceeds 5% respectively, they are subject to the 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**

References are made to the 2020 Announcement and the 2020 Circular in relation to, among other things, the continuing connected transactions and connected transaction of the Company contemplated under the 2020 Agreements (as the case may be). As the 2020 Agreements and their respective annual caps will expire on 31 December 2023 and the Group intends to continue to carry out the transactions under the 2020 Agreements, the Company has entered into the Agreements with JCC on 10 November 2023. The Directors are of the view that, the entering into of the Agreements are conducive 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 and stable development of production and operation of the Group, reduce overlapping investments and save expenditure of the Group, as well as increase the overall efficiency of the Group. In addition, as the terms of the Agreements are substantially similar to the terms of the 2020 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 10 November 2023 with JCC in relation to, among others, the supply of various materials and provision of consolidated services by JCC Group to the Group.

The principal terms of Agreement 1 are summarised as follows:

### **Date**

10 November 2023

### **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 2024 up to 31 December 2026.

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

### **Supply of various materials by JCC Group**

Pursuant to Agreement 1, 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 concentrates and gold, silver and sulphur 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 products and scrap steel) which are required for the production of the Group's products;
- c. spare parts and processing parts which are required for the production of the Group's products, with spare parts including but not limited to machinery components such as mining spare parts, high manganese cast steel, cast iron, cast steel, cold welding components, sand pumps, switch boxes and other spare parts, and processing parts (non-standard items) including but not limited to rollers and liners, etc.; and
- d. gold doré and silver produced from the smelting of lead concentrates and zinc concentrates.

### **Provision of consolidated services by JCC Group**

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

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

- d. futures brokerage services;
- e. public facilities services for living and production;
- f. daily welfare 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 consolidated 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 is entitled to obtain such materials and services from Independent Third Parties if the terms provided by Independent Third Parties are in the interest of the Company after overall consideration and comparing the terms provided by JCC and Independent Third Parties.

According to the terms and conditions of Agreement 1, the obligations and liabilities of the Company and JCC shall be performed by members of the Group and JCC Group respectively. The parties may enter into corresponding implementation contracts on the basis of Agreement 1 for the actual supply and provision of services under specific items.

### **Supply of various materials by JCC Group**

The copper concentrates to be supplied by JCC Group to the Group must meet the following standards and requirements:

- (1) the copper concentrates generally contain no less than 18% copper, while the copper concentrates recovered from tailings contain no less than 8% copper; and
- (2) in the event that the production of JCC Group is affected by geology, climate changes or production equipment failure, JCC Group may negotiate with the Group to properly adjust the grade and quality requirements of copper concentrates after obtaining the Group's consent.

### *Supply of copper concentrates*

JCC agreed to supply the Group with copper concentrates at a price determined with reference to the market prices of copper concentrates of the same quality. The price shall be determined with reference to the publicly available market prices of copper on the Shanghai Futures Exchange (<http://www.shfe.com.cn/>), LME (<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 concentrates from JCC Group at prices no higher than the prices that the Group can otherwise obtain in the market.

### *Supply of gold, silver and sulphur contents contained in copper concentrates*

JCC agreed to supply the Group with gold, silver and sulphur contents contained in copper concentrates at a price determined with reference to the market prices of gold, silver and sulphur contents contained in copper concentrates of the same quality. The price of gold and silver contents contained in copper concentrates shall be determined with reference to the publicly available market prices of gold and silver on the Shanghai Futures Exchange (<http://www.shfe.com.cn/>), LME (<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 sulphur contents contained in copper concentrates, apart from purchasing from JCC, the Company will also purchase from other suppliers in the PRC. In determining the price of sulphur contents contained in copper concentrates, the Company will make reference to and ensure that the price to be offered by JCC to the Company will not be higher than the prices offered by at least two Independent Third Parties when entering into agreements with JCC.

### *Supply of materials and other auxiliary materials which are required for the production of the Group's products*

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

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

*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, with spare parts including but not limited to machinery components such as mining spare parts, high manganese cast steel, cast iron, cast steel, cold welding components, sand pumps, switch boxes and other spare parts, and processing parts (non-standard items) including but not limited to rollers and liners. The prices for spare parts shall be calculated based on the then local market prices of such products, whereas the prices for processing parts shall generally be calculated based on the market prices. In determining the price for spare parts, the Company will obtain the local market prices through market research, 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. If there are no such market prices, the prices to be charged shall be determined based on a price no higher than the prices charged by JCC Group on its members, or based on the costs of the spare parts and processing parts plus applicable taxes payable to the PRC government (whichever is lower). In any event, such prices shall not be higher than the prices offered by Independent Third Parties to the Group, where applicable.

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

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

JCC agreed to provide the Group with gold doré and silver produced from the smelting of lead concentrates and zinc concentrates at a price based on the prices as quoted on the Shanghai Gold Exchange (<http://www.en.sge.com.cn/>) and Ebaiyin.com\* (中國白銀網) (<http://www.ebaiyin.com>) as the benchmark price, and not 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 selected suppliers (who are Independent Third Parties) will be invited to undergo negotiation with the procurement and commercial department of the Company and provide quotations in multiple rounds.

The suppliers management department of the Company is responsible for reviewing and ascertaining the reasonableness in selecting 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 services and contingency responsiveness) and the classification of the materials, while the procurement management department of the Company is responsible for reviewing and ascertaining the reasonableness in selecting 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 the prescribed time. Following the receipt of quotations, depending on the procurement amount and technical issues involved in the procurement, the negotiation task group, comprising members of the procurement and commercial department and 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 supplier whom to enter into contract with 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 professional qualifications of the suppliers.

## **Provision of consolidated services by JCC Group**

### *Engaged processing services*

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

The fees for these processing services payable by the Group shall be determined with 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 Group possesses the relevant capabilities and experience and in view of limited options of service providers within the province, the Group has been engaging JCC Group for the provision of the material processing services. As the market prices are not publicly available, the service fee will be calculated based on the costs plus relevant taxes and applicable profit margin. The applicable profit margin will be calculated with reference to the difference between the value of valuable materials obtained after processing (with reference to the monthly average closing price of copper as quoted on the Shanghai Futures Exchange) and the value of waste materials before processing (with reference to the prices charged by the Group on Independent Third Parties for the sales 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. The PRC government prescribed prices are the most recognised public information available for reference which is generally reflective of market prices. For those services with the PRC government prescribed prices, the fees will be determined with reference to the PRC government prescribed prices published 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; if new industry regulations are promulgated, the new regulations shall prevail. However, sometimes the PRC government prescribed prices may not reflect the market prices and thus may not be applicable. The Company will compare the same with the prices charged by at least two Independent Third Parties providing similar services to the Group from time to time to determine the applicability.



If the PRC government prescribed prices are not applicable and for those services with no PRC government prescribed prices, the Company will ascertain the industry pricing for similar services at the local market through information obtainable 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 price shall be determined based on a price not higher than that offered by JCC Group to its members or based on the costs plus applicable taxes (whichever is lower). In any event, such prices shall not be higher than the prices 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 plants, 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 prices, for those services with the PRC government prescribed prices, the fees shall not exceed the PRC government prescribed prices published under the Jiangxi Province Standard Price of Construction 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\* (《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 on 29 November 2019, which are updated by the relevant PRC central or provincial government departments from time to time; if new industry regulations are promulgated, the new regulations shall prevail. However, sometimes the PRC government prescribed prices may not reflect the market prices and thus may not be applicable. The Company will compare the same with the prices charged by at least two Independent Third Parties providing similar services to the Group from time to time to determine the applicability.

If the PRC government prescribed prices are not applicable and for those services with no PRC government prescribed prices, the Company will ascertain the industry pricing for similar services at the local market through information obtainable 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 price shall be determined based on a price not higher than that offered by JCC Group to its members or based on the costs plus applicable taxes (whichever is lower). In any event, such prices shall not be higher than the prices offered by Independent Third Parties to the Group, where applicable.

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

#### *Futures brokerage services*

JCC agreed to provide the futures brokerage services to the Group. The Company agreed to pay JCC Group for such agency services at the lower of the current market rate (with reference to the rate charged by Jinrui Futures Brokerage 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 JCC Group on its members after the completion of each futures transaction.

#### *Public facilities services for living and production*

JCC agreed to allow the Group to use the public facilities in the living area and production facilities. Regarding the public facilities in the living area, the Company and JCC agreed to share the costs in accordance with the actual expenditure and the proportion of the number of employees registered in JCC Group and the Group as at the end of the previous year. Regarding the production facilities for the exclusive use of the Group, the parties agreed that the Group will be fully responsible for the actual costs incurred by the Group in using the production facilities. For production facilities to be used by the Group and JCC Group jointly, the Company and JCC agreed to share the actual costs incurred on a pro rata basis with reference to their respective assets. The Company agreed to pay to JCC Group the service fees once every month and to settle the balance at the year end in accordance with the actual circumstances.

### *Daily welfare services*

JCC agreed to provide daily welfare services to the employees of the Group such as employee medical services, catering services at work and town gas supply services, and the Company shall reimburse JCC Group the actual amount incurred, provided that such amount shall be no more than 14% of the total annual salary of all employees of the Group. The Group shall prepay one-twelfth of the daily welfare service fees to JCC Group each month and settle the balance at the end of each year.

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

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

### *Environmental hygiene and greenery services*

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

### *Professional technical education services*

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

- a. staff education fees: the budget for the staff education and training fees for the following year will be 2.5% of the total salary of the employees of the Group each year. The Group shall pay the actual amount of training fees incurred to JCC Group within such budget; and

- b. professional technical education fees: the budget for the professional technical education fees for the following year will be determined each year. The students will bear the costs of living and studying materials while other costs will be covered by the budget for the professional technical education fees. The education fees include the actual expenditure on and the costs of items such as salaries, bonuses, welfares, training and labour insurance of teaching staff, and the school's fixed assets depreciation, maintenance fees, office supplies, examination, academic exchanges and travelling expenses and student internship expenses.

In the event that the Group no longer requires the provision of education services by JCC Group, the Company shall give twelve months' notice in writing to JCC prior to the termination. If, in accordance with the national requirements or requirements of the relevant Jiangxi provincial governmental authorities, the provision of such education services is taken over by the education departments of the districts governing JCC and its underlying institutions for management, JCC Group will cease to provide such education services while the Group will cease to pay 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 sales, to the Group. The Company will make public enquiry with at least two similar service providers in the market, who are Independent Third Parties, as to the fees for such services and determine the price based on the quotations obtained. Where there are no abovementioned quotations, 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 payable for such services. The fees for these services shall be paid by the Group on a monthly basis.

#### *Off-site communication services*

JCC agreed to provide off-site communication services to the Group, mainly including communication with government authorities and reception of personnel. The Company agreed to reimburse JCC Group the actual costs, such as salaries, bonuses, welfare, trainings and labour insurance for employees, depreciations of fixed assets and other administrative costs of off-site offices of JCC, for operating such services on a pro rata basis with reference to the respective asset values of both parties. The Group shall pay one-twelfth of the budgeted service fees to JCC Group each month and settle the balance at the end of each year in accordance with the actual circumstances. The budgeted fees are determined with reference to the actual costs incurred by JCC Group in the previous year.

## **Annual caps**

The historical annual caps for the 2020 Consolidated Supply and Services Agreement I for the three financial years ending 31 December 2023 were RMB2,111,280,000, RMB2,148,780,000 and RMB2,244,080,000 respectively.

The amount of the relevant transactions under the 2020 Consolidated Supply and Services Agreement I for the two financial years ended 31 December 2022 and the nine months ended 30 September 2023 were approximately RMB1,688,405,000, RMB1,633,615,000 and RMB1,633,901,000 respectively (equivalent to approximately HK\$1,838,821,000, HK\$1,779,149,000 and HK\$1,779,461,000 respectively).

The Proposed Caps for Agreement 1 for each of the financial year ending 31 December 2024, 31 December 2025 and 31 December 2026 will not exceed RMB6,181,400,000, RMB6,271,270,000, and RMB6,365,880,000 respectively (equivalent to approximately HK\$6,732,085,000, HK\$6,829,961,000 and HK\$6,932,999,000 respectively) and have been determined with reference to (i) the historical transaction amounts under the 2020 Consolidated Supply and Services Agreement I; and (ii) the rapid growth of the Group's gold doré and silver export business, and the plan to continue the purchase of gold doré and silver from JCC Group in the coming three years for expansion of such business.

As one of the Percentage Ratios in respect of the highest amount of the Proposed Caps for Agreement 1 exceeds 5%, Agreement 1 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 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 JCC Yinshan Mining Company Limited, and a number of relevant production facilities, including four smelters under production and eight modern copper products processing plants. The Company also holds 44.48% 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 JCC Group, the Group can establish networks of sales and purchases for raw materials of copper at a low cost, and obtain stable supply channels of raw materials. The Group will benefit from several supportive consolidated services provided by JCC Group to the Group for ordinary 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 JCC Group for the provision of various materials and consolidated services to the Group pursuant to Agreement 1 will not be higher than those charged 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 the terms and conditions will be no less favourable than the terms and conditions the Group can otherwise obtain in the market, if applicable. The Directors (other than the independent non-executive Directors whose views will be set out in the letter from the Independent Board Committee in the circular) 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 interests of the Company and its Shareholders as a whole.

### **III. AGREEMENT 2**

The Company entered into Agreement 2 on 10 November 2023 with JCC in relation to, among others, the supply of various materials and provision of consolidated services by the Group to JCC Group.

The principal terms of Agreement 2 are summarised as follows:

#### **Date**

10 November 2023

#### **Parties**

1. the Company; and
2. JCC.

#### **Particulars of Agreement 2**

Pursuant to Agreement 2, the Company agreed to supply various materials and provide consolidated services to JCC Group for a term of three years commencing from 1 January 2024 up to 31 December 2026.

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

### **Supply of various materials by the Group**

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

- a. copper cathode and copper rod and wire;
- b. lead materials (lead concentrates, lead ingot and other materials containing lead);
- c. zinc materials (zinc concentrates, zinc ingot and other materials containing zinc);
- d. sulphuric acid and steel balls;
- e. waste materials (including but not limited to waste 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 metal materials, chemical materials, diesel, steel, cement, wires and cables).

### **Consolidated services provided by the Group**

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

- a. construction and installation services;
- b. transportation facilities 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. supplied materials processing services;
- i. agency services for sales of products and sourcing of raw materials;
- j. office lease services; and
- k. technology research and development services.

Pursuant to Agreement 2, as far as the Group is concerned, if applicable, the 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 JCC Group will be no less favourable than the terms offered by the Group to Independent Third Parties for similar materials and services (as the case may be).

According to the terms and conditions of Agreement 2, the obligations and liabilities of the Company and JCC shall be performed by members of the Group and JCC Group respectively. The parties may enter into corresponding implementation contracts on the basis of Agreement 2 for the actual supply and provision of services under specific items.

### **Supply of various materials by the Group**

*Supply of copper cathode and copper rod and wire, lead and zinc materials, sulphuric acid and steel balls*

The Company agreed to supply JCC Group with copper cathode and copper rod and wire, lead and zinc materials, sulphuric acid and steel balls at prices as calculated on the following bases:

1. for copper cathode, the prices will be calculated as:  $Q + R - S$

where:

Q = average settlement 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 with the Shanghai Futures Exchange, of which the copper cathode produced by the Group has been categorised; and



S = 50% of the transportation costs for the delivery of copper cathode from the Group's production plant to the warehouse of the Shanghai Futures Exchange.

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

where:

T = average settlement 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 fees payable by Independent Third Parties to the Group.

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

#### *Supply of waste materials and auxiliary materials*

The Company agreed to supply JCC Group with waste materials generated from the smelting and production process of the Group and auxiliary materials at prices as calculated on the following bases:

1. for waste materials such as scrap materials and slag generated from the smelting and production process, the prices will be determined based on market prices charged by the Group on Independent Third Parties. If such prices are unavailable, the prices will be calculated based on the costs plus applicable taxes and profit margin for the same or similar industry as published by the PRC government.

2. for auxiliary materials such as non-ferrous metal materials, chemical materials, diesel, steel, cement, wires and cables, the prices will be calculated with reference to the prices for the materials in the local market to which such products are being delivered. If there are no such market prices, the prices will be not lower than the prices charged by the Group on its members or the costs plus applicable taxes (whichever is higher). In any event, such prices shall not be lower than the prices offered by the Group to Independent Third Parties, where applicable.

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

### **Procedures for determining and approving selling prices of products**

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

The Company’s sales personnel regularly collect and organise market information through routine contact and visits with customers, and submit the same 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 compiled market information.

In accordance with the marketing strategies, pricing principles 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 the same to the corresponding supervisors.

The responsible person for marketing function of the Company may organise relevant personnel to conduct discussions and presentations 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 any change in market prices renders the adjustment of selling prices of products necessary, the sales department shall promptly re-formulate pricing plans for sales of products in accordance with the market condition and marketing strategies and report the same to the corresponding responsible person for approval.

## **Consolidated services provided by the Group**

### *Construction and installation services*

The Company agreed to provide construction and installation services to JCC Group, including but not limited to plants, 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, for those services with the PRC government prescribed prices, the fees will be determined with reference to the the PRC government prescribed prices published 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 Construction 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\* (《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; if new industry regulations are promulgated, the new regulations shall prevail. However, sometimes the PRC government prescribed prices may not reflect the market prices and thus may not be applicable.

If the PRC government prescribed prices are not applicable and for those services with no PRC government prescribed prices, the Company will ascertain the industry pricing of similar services at the local market through information obtainable 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 Group on JCC Group shall not be lower than the prices charged by the Group on its members or determined based on the costs plus applicable taxes (whichever is higher). In any event, such prices shall not be lower than the prices offered by the Group to Independent Third Parties, where applicable.

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

### *Transportation facilities repair services*

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

The Company will ascertain the industry pricing of similar services at the local market through information obtainable 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 Group will charge JCC Group prices not lower than the prices charged by the Group on its members or determined based on the costs plus applicable taxes (whichever is higher). In any event, such prices shall not be lower than the prices 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 JCC Group, mainly including repair, care and maintenance of machinery and electrical equipment, processing of machinery and electrical equipment and spare parts, and installation and debugging of machinery and electrical equipment. The fees for these services shall be paid by JCC Group on a monthly basis.

As 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 JCC Group as it takes longer time. The 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 PRC government prescribed prices published 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; if new industry regulations are promulgated, the new regulations shall prevail. However, sometimes the PRC government prescribed prices may not reflect the market prices and thus may not be applicable.

If the PRC government prescribed prices are not applicable and for those services with no PRC government prescribed prices, the Company will ascertain the industry pricing of similar services at the local market through information obtainable 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 Group will charge JCC Group prices not lower than the prices charged by the Group on its members or determined based on the 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 services*

The Company agreed to supply JCC Group with water for industrial use at a fee calculated based on the actual costs, including consumption of materials, salary, surcharges, depreciation, maintenance fees and amortisation of water pipes, plus applicable taxes and payable by JCC Group on a monthly basis.

#### *Electricity transmission services*

The Company agreed to provide electricity transmission services to JCC Group at a fee calculated 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, and are payable by JCC Group on a monthly basis.

#### *Natural gas transmission services*

The Company agreed to provide natural gas transmission services to JCC Group at a fee calculated 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, and are payable by JCC Group on a monthly basis.

#### *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 JCC Group in its factory areas at a fee determined based on the actual costs (including the salary payable to cleaning workers according to the labour market rate and the relevant materials fees) and other unforeseeable expenses (including the labour cost rise due to rise in price index, etc.), which are payable by JCC Group on a monthly basis.

### *Supplied materials processing services*

The Company agreed to provide supplied materials processing services to JCC Group, under which the Group will process the copper raw materials provided by JCC Group into copper rod and wire products in accordance with the requests of JCC Group at a fee determined with reference to the prices charged by the Group on Independent Third Parties and shall be paid by JCC to the Group 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 to JCC Group, including but not limited to sales of sulphuric acid, gold, silver and scattered metals and sourcing of raw materials such as lead and zinc.

JCC Group should pay to the Group such agency service fees regularly pursuant to Agreement 2. In determining the service fees or agency rates for these services, the Company will make reference to local market prices or agency fee rates for similar services for Independent Third Parties. If there are no such market 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 Group 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 Group 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 Group instead of JCC Group.

### *Office lease services*

The Company agreed to provide office lease services to 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 roads, greenery areas, stairs, elevators and car parks) adjoining to the premises. During the subsistence of Agreement 2, JCC Group shall not sub-let such office premises.

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

### *Technology research and development services*

The Company agreed to provide technology research and development services to JCC Group. Due to the exclusivity of the technology involved in the research and development services provided by the Group, 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 Group and Independent Third Parties from time to time for similar technology research and development services.

### **Annual caps**

The historical annual caps for the 2020 Consolidated Supply and Services Agreement II for the three financial years ending 31 December 2023 were RMB2,372,980,000, RMB2,385,910,000 and RMB2,436,170,000 respectively.

The amount of the relevant transactions under the 2020 Consolidated Supply and Services Agreement II for the two financial years ended 31 December 2022 and the nine months ended 30 September 2023 were approximately RMB2,183,570,000, RMB2,375,387,000 and RMB1,787,027,000 respectively (equivalent to approximately HK\$2,378,098,000, HK\$2,587,004,000 and HK\$1,946,228,000 respectively).

The Proposed Caps for Agreement 2 for each of the financial year ending 31 December 2024, 31 December 2025 and 31 December 2026 will not exceed RMB4,270,010,000, RMB4,605,940,000, and RMB4,571,710,000 respectively (equivalent to approximately HK\$4,650,414,000, HK\$5,016,271,000 and HK\$4,978,992,000 respectively) and have been determined with reference to (i) the historical transaction amounts under the 2020 Consolidated Supply and Services Agreement II; and (ii) the expected expansion of the Group's copper cathode business with JCC Group and the expected increase in JCC Group's demand for the Group's copper cathode.

As one of the Percentage Ratios in respect of the highest amount of the Proposed Caps for Agreement 2 exceeds 5%, 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 Group 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 business of the Group.

Supply of certain products by the Group to JCC Group can enhance the utilisation rate of waste materials generated from the production process of the Group, increase the revenue of the Group, and reduce the costs of handling the waste materials, which aligns 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 JCC Group, it 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 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 the terms and conditions will be no less favourable to the Group than the terms and conditions offered by the Group to Independent Third Parties, if applicable. The Directors (other than the independent non-executive Directors whose views will be set out in the letter from the Independent Board Committee in the circular) 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 interests of the Company and its Shareholders as a whole.

## **Mutual services to be supplied by JCC Group and the Group 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 JCC Group, JCC Group has been providing ancillary services relating to mine exploration and smelting to the Group in order to save costs and ensure the sustainability of operation of the Group. By leveraging on JCC Group’s existing resources, the Group would be



able to minimise both monetary and time costs needed for 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 each geographical location. On the other hand, the Group has been providing construction and installation services and machinery and electrical equipment repair services to members of JCC Group, including Sichuan JCC Rare Earths 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. In particular:

- (i) JCC Group and the Group possess different construction qualifications (such as smelting ancillary construction and mine construction). The main qualifications of 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 Group and 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 Guixi Smelter\* (貴溪冶煉廠), a subsidiary under the Group; while JCC Construction Company Limited\* (江西銅業集團建設有限公司), a subsidiary under the Group, would provide relevant construction and exploration services to the mines of JCC Group;
- (ii) in view of the expertise and knowledge of the Group and JCC Group in machinery and electrical equipment in the mining industry, the Group and 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 JCC Group own different mines and smelting facilities in different geographical locations which require different machinery and electrical equipment repair services. JCC Group provides relevant machinery and electrical equipment repair services relating to the mines and smelting facilities of the Group in Guixi, Dexing, Yongping and Dongxiang in Jiangxi Province, while the Group provides relevant machinery and electrical equipment repair services relating to facilities for lead zinc smelting and rare earth mine of 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 JCC Group and the Group (as the case may be) depending on their geographical proximity to the community which requires such services. JCC Construction Company Limited\* (江西銅業集團建設有限公司), 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 JCC Group would provide such services to the communities located in other areas, including Yongping Copper Mine, Wushan Copper Mine and Guixi Smelter\* (貴溪冶煉廠).

#### **IV. THE LAND USE RIGHTS LEASING AGREEMENT**

The Company entered into the Land Use Rights Leasing Agreement on 10 November 2023 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**

10 November 2023

##### **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 50,737,714.77 square meters to the Company for a term of three years commencing from 1 January 2024 up to 31 December 2026 at an annual rate of RMB196,222,947.44 (equivalent to approximately HK\$213,703,928.82). The actual rate will be calculated in accordance with the actual area leased 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 2020 Land Use Rights Leasing Agreement; (ii) the indicative price of land leasing from the local government in Jiangxi Province; and (iii) the recent fair transaction prices. 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 precedent**

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

- (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 of association and the 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 conditions 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 RMB46,719,749.39.

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 RMB513,185,392.69, 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 plants of the Group are built on the land owned by JCC Group. The Group adopting the approach of leasing land from 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 the terms and conditions will be no less favourable than the terms and conditions the Group can otherwise obtain in the market, if applicable. The Directors (other than the independent non-executive Directors whose views will be set out in the letter from the Independent Board Committee in the circular) 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 interests 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 to the Group than the terms provided by any Independent Third Party to the Group or by the Group to Independent Third Parties (as the case may be):

- (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;
- (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 entered into 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 43.72% 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 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 a connected transaction of the Company, and will thus also be subject to the requirements under Chapter 14A of the Listing Rules. The Directors (other than the independent non-executive Directors whose views will be set out in the letter from the Independent Board Committee in the circular) 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 10 November 2023, 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. Zhou Shaobing, 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 has a material interest in the Agreements or is required to abstain from voting on the CT Board Resolutions.

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

As one of the Percentage Ratios in respect of the highest amount of the Proposed Caps for the continuing connected transactions contemplated under Agreement 1 and Agreement 2 exceeds 5% respectively, they are subject to the reporting, announcement and Independent Shareholders’ approval requirements under Chapter 14A of the Listing Rules. All the Percentage Ratios in respect of the value of the right-of-use assets under the Land Use Rights Leasing Agreement are less than 5%, however, the transactions contemplated under Land Use Rights Leasing Agreement are also subject to Independent Shareholders’ approval pursuant to the SSE Listing Rules. If during the period ending 31 December 2026, the respective aggregate annual value of the Continuing Connected Transactions exceeds the Proposed Caps or there is any material change to the Agreements, the Company will take necessary steps to ensure compliance with all applicable requirements under Chapter 14A of the Listing Rules.

The transactions contemplated under the Agreements will be subject to obtaining of approvals from 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.

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

<b>Agreement</b>	<b>Proposed Caps</b>		
	<b>for the year ending 31 December</b>		
	<b>2024</b>	<b>2025</b>	<b>2026</b>
	<i>RMB</i>	<i>RMB</i>	<i>RMB</i>
Agreement 1	6,181,400,000	6,271,270,000	6,365,880,000
Agreement 2	4,270,010,000	4,605,940,000	4,571,710,000

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 principal business includes: mining, dressing, smelting, processing and related technical services of non-ferrous metals and rare metals; smelting, pressing and processing and further processing of non-ferrous metal ores, rare metals, non-metal ores, non-ferrous metals and related by-products; sulphur 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; dressing chemicals, 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 and tunneling projects; repair and decoration for electrical and mechanical and civil engineering works; vehicles and engineering machinery repair, mobile crane repair; production of wire reinforced hydraulic type rubber hoses assemblies; casting of wear-resistant alloy products; manufacturing, processing, installation, repair and sale of specialised equipment for mining and smelting; painting, insulation and anti-corrosion works; cleansing of industrial equipment; passenger and freight transportation (including transportation of dangerous goods); freight transportation agent, warehousing (except dangerous goods); property leasing; technical consultation and services; technical development and transfer; engaging in overseas futures hedging business; 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).

JCC is a state-owned enterprise and the holding company of the Company. The de facto controller of JCC is State-owned Asset Supervision and Administrative Commission of Jiangxi Province. The principal business of JCC covers non-ferrous metal mines, non-metal mines and non-ferrous metal smelting and pressing processed products, undertaking overseas non-ferrous metallurgical industry construction projects and international tendering of domestic construction projects, 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.

## IX. DEFINITIONS

“2020 Agreements”	the 2020 Consolidated Supply and Services Agreement I, the 2020 Consolidated Supply and Services Agreement II and the 2020 Land Use Rights Leasing Agreement
“2020 Announcement”	announcement of the Company dated 27 September 2020
“2020 Circular”	circular of the Company dated 9 November 2020
“2020 Consolidated Supply and Services Agreement I”	the consolidated supply and services agreement I 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
“2020 Consolidated Supply and Services Agreement II”	the consolidated supply and services agreement II 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 Group to JCC Group
“2020 Land Use Rights Leasing Agreement”	the leasing agreement dated 27 September 2020 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 10 November 2023 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 10 November 2023 entered into between JCC and the Company for, among others, the supply of various materials and provision of consolidated services by the Group to 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” formed 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 concentrates”	a product of the concentrator usually containing 20% to 30% copper, which is a raw material for smelting
“Director(s)”	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, holding approximately 43.72% 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 50,737,714.77 square meters situated in Jiangxi
“Land Use Rights Leasing Agreement”	the land use rights leasing agreement dated 10 November 2023 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 Ratio(s)”	the applicable percentage ratio(s) 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 which are subject to approval respectively
“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
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“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, 10 November 2023

*Translation of Renminbi into Hong Kong dollars is based on the exchange rate of RMB0.9182 = HK\$1.*

*As at the date of this announcement, the executive Directors are Mr. Zheng Gaoqing, Mr. Zhou Shaobing, Mr. Gao Jianmin, Mr. Liang Qing, Mr. Liu Fangyun, and Mr. Yu Tong; and the independent non-executive Directors are Mr. Liu Xike, Mr. Zhu Xingwen, Mr. Wang Feng and Mr. Li Shuidi.*

\* *For identification purposes only*