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If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **Jiangxi Copper Company Limited**, you should at once hand this circular and the accompanying form of proxy and reply slip to the purchaser(s) or the transferee(s) or to the bank or stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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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,
CONNECTED TRANSACTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

**Independent Financial Adviser to the Independent Board Committee
and
Independent Shareholders**



All capitalised terms used in this circular shall have the meanings set out in the section headed “Definitions” of this circular. A letter from the Board is set out on pages 1 to 35 of this circular. A letter from the Independent Board Committee is set out on page 36 of this circular. A letter from Lego, the Independent Financial Adviser, containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 37 to 85 of this circular.

A notice convening the EGM to be held at the Conference Room of the Company at JCC International Plaza, 7666, Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the PRC at 3:00 p.m. on Thursday, 4 January 2024 (or any adjournment thereof), is set out on pages 89 to 91 of this circular.

If you intend to attend the EGM, please complete and return the reply slip enclosed in this circular in accordance with the instructions printed thereon to the Secretariat of the Board at 3rd Floor, JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the PRC (Postal Code: 330096) as soon as possible and in any event by not later than Wednesday, 27 December 2023. The reply slip may be delivered to the Company by hand, by post or by fax (at fax no.: (86) 791-8271 0114).

Whether or not you are able to attend the EGM, you are requested to complete and return the form of proxy in accordance with the instructions printed thereon to the Company’s H Share registrar, Hong Kong Registrars Limited at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

12 December 2023

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DEFINITIONS

In this circular, the following expressions have the following meanings unless the context otherwise requires:

“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

DEFINITIONS

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Audit Committee”	the audit committee of the Company
“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 at the Conference Room of the Company at JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the PRC at 3:00 p.m. on Thursday, 4 January 2024 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
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“H Share(s)”	overseas listed foreign share(s) in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and traded in Hong Kong dollars

DEFINITIONS

“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 as at the Latest Practicable Date
“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
“Latest Practicable Date”	6 December 2023, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained in this circular
“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

DEFINITIONS

“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
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	the A Share(s) and/or the H Share(s)
“Shareholder(s)”	the holder(s) of the Shares
“SSE Listing Rules”	the rules governing the listing of securities on the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Supervisor(s)”	supervisor(s) of the Company
“Supervisory Committee”	the supervisory committee of the Company

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

** For identification purposes only*

LETTER FROM THE BOARD



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)

Board of Directors

Executive Directors:

Mr. Zheng Gaoqing (*Chairman*)
Mr. Zhou Shaobing (*Deputy chairman*)
Mr. Gao Jianmin
Mr. Liang Qing
Mr. Liu Fangyun
Mr. Yu Tong

Independent non-executive Directors:

Mr. Liu Xike
Mr. Zhu Xingwen
Mr. Wang Feng
Mr. Li Shuidi

Legal address:

15 Yejin Avenue
Guixi City
Jiangxi
The PRC

Principal place of business in Hong Kong:

Suite 4501, 45th Floor
Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong

12 December 2023

To the Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS,
CONNECTED TRANSACTION
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

LETTER FROM THE BOARD

I. INTRODUCTION

Reference is made to the announcement of the Company dated 10 November 2023 in respect of, among other things, the continuing connected transactions and connected transaction of the Company contemplated under the 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.

The purpose of this circular is to provide you with, inter alia, (i) information regarding the Agreements together with the Proposed Caps, (ii) a letter of recommendation from the Independent Board Committee and (iii) a letter of advice from Lego, together with (iv) a notice of EGM, to enable you to make an informed decision as to whether to vote for or against the relevant resolutions to be proposed at the EGM.

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.

LETTER FROM THE BOARD

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;

LETTER FROM THE BOARD

- 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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

The Group shall, in principle, 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. The specific settlement method may be agreed otherwise by the parties in the implementation contract.

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, in principle, 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. The specific settlement method may be agreed otherwise by the parties in the implementation contract.

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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

LETTER FROM THE BOARD

- 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 parties shall ascertain the budgeted fees for the next year once every year based on the actual costs incurred, and share such budgeted fees in proportion to their respective assets.

For the two financial years ended 31 December 2022 and the period between 1 January 2023 and the Latest Practicable Date, the historical transaction amounts for the off-site communication services under the 2020 Consolidated Supply and Services Agreement I were all nil. As such, the previous respective budgeted fees were nil. However, given the possible needs for the Group's business in the future, such services have been kept in Agreement 1.

Besides, the Company has established a connected transaction management system, and will verify the types and amounts of connected transactions regularly, in order to avoid transaction amounts in excess of the budget range. If it is discovered that the actual transaction amounts have exceeded the budget, the Company shall revise the budget with JCC, and comply with the relevant internal approval procedures and/or make appropriate disclosures in accordance with the relevant requirements under the Listing Rules.

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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 the transactions contemplated under 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.

The Proposed Caps for Agreement 1 have substantially increased as compared to the historical annual caps for the 2020 Consolidated Supply and Services Agreement I, mainly due to the rapid growth of the Group's gold doré and silver export business. As disclosed in the 2020 Circular, the annual transaction amount for 2023 in relation to the Group's purchase of gold doré and silver from JCC Group under the 2020 Consolidated Supply and Services Agreement I was anticipated to be not more than RMB1,629,700,000. Yet, for the nine months ended 30 September 2023, the sales volume in the gold doré and silver export business of the Group in 2023 has reached approximately RMB3,067,000,000. In addition, as mentioned in the interim report of the Company for the six months ended 30 June 2023, the Group's operating revenue from gold increased by approximately 32.0% from approximately RMB19,244.8 million for the six months ended 30 June 2022 to approximately RMB25,411.6 million for the six months ended 30 June 2023. Similarly, the Group's operating revenue from silver recorded substantial increase of approximately 46.5% from approximately RMB7,565.4 million for the six months ended 30 June 2022 to approximately RMB11,080.7 million for the six months ended 30 June 2023. Such increase was primarily due to expansion of the export business of gold doré and silver through Jiangxi Copper (Shenzhen) International Investment Holding Co., Ltd.* (江西銅業(深圳)國際投資控股有限公司) and Jiangxi Copper Loyal Sky Industrial Company Limited* (江銅鴻天實業有限公司). With such significant

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increase evidencing the market opportunities which the Group can capture and the contribution of the revenue growth of the Group, the Board considered that the historical annual caps for the 2020 Consolidated Supply and Services Agreement I would not be able to meet the needs of the Group for its rapid business development. In order to meet its business development needs, the Group will have to increase the purchase of gold doré and silver from JCC Group, so as to ensure stable supply of gold doré and silver.

Apart from the Group's purchase of gold doré and silver from JCC Group, the Group's purchase of various materials and consolidated services from JCC Group under the 2020 Consolidated Supply and Services Agreement I had also increased, mainly due to the increase in the Group's purchase of various materials. The Group produced 1.7822 million tonnes and 1.8394 million tonnes of copper cathode in 2021 and 2022, respectively. With the expansion projects of the smelters of the Company having been put into production at the end of 2022 and in June 2023, the production capacity of the Group had increased by approximately 280,000 tonnes. For the nine months ended 30 September 2023, the Group has produced 1.4923 million tonnes of copper cathode, and the annual production of copper cathode for 2023 is expected to reach 2 million tonnes. With the increased production capacity being officially put into operation, the Group's production of copper cathode for each of 2024, 2025 and 2026 is expected to exceed 2.1 million tonnes. As such, the Group's demand for raw materials for smelting, such as copper concentrates and blister copper, would increase. By purchasing raw materials from JCC Group, the Group can fully take advantage of the existing market resources of JCC Group and establish purchase networks of raw materials of copper at a low cost and obtain stable supply channels of raw materials. In addition, there is a buffer of an increment of 5% of the anticipated transaction amounts for certain items of materials and services to cater for the combined effect of the possible increases in the price for each material and expected purchase volume.

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.

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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 (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this 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.

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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);

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- 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).

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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 (where applicable).

For avoidance of risks, where the delivery location for copper cathode is the delivery warehouse designated by the Shanghai Futures Exchange, according to the normal commercial terms and the principle of fairness, the purchaser and the vendor will each bear 50% of the transportation costs, i.e. selling price of copper cathode = copper base price + premium – 50% transportation fees. Where such delivery location is other delivery warehouses not designated by the Shanghai Futures Exchange, there will be no transportation costs for delivery of copper cathode to warehouse designated by the Shanghai Futures Exchange, i.e. selling price of copper cathode = copper base price + premium – 0. Currently, the delivery locations for the Group's sales of copper cathode to JCC Group and Independent Third Parties usually have been stipulated in the specific selling contracts, such delivery locations are rarely the warehouse designated by the Shanghai Futures Exchange. However, when entering into Agreement I with JCC, in order to ensure the price calculation method applies to all circumstances, the Company adopted the formula "Q + R - S". Therefore, the pricing basis is on normal commercial terms.

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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. In particular, the prices for lead and zinc materials charged by the Group on Independent Third Parties and JCC Group are both determined with reference to the publicly available metal prices on the Shanghai Metals Market* (上海有色網) (<http://www.ssm.cn/>).
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. Having considered the gross profit margin level for the Group's production and operations, the range of the relevant profit margin is between 10% and 20%.
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.

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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.

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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.

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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.

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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.

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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 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).

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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 and copper rod and wire business with JCC Group and the expected increase in JCC Group's demand for the Group's copper cathode and copper rod and wire.

The Proposed Caps for Agreement II generally represent (i) an aggregate of the highest transaction amount of each item of materials and services under the 2020 Consolidated Supply and Services Agreement II during the two years ended 31 December 2022 and the nine months ended 30 September 2023 (on an annualised basis); and (ii) a buffer of an increment of 5% of the anticipated transaction amount for certain items of materials and services to cater for the combined effect of the possible increases in the price for each material and expected sales volume. In addition, the Group's supply of copper cathode and copper rod and wire to JCC Group is expected to increase, mainly due to (i) JCC Group's implementation of production capacity expansion of its copper processing subsidiary in 2022, with an increase in production capacity from 12,000 tonnes per year to 22,000 tonnes per year, and establishment of a new copper processing company with production capacity of 10,000 tonnes per year, whereby the production capacity of its copper processing companies will increase by approximately 166.67% from 12,000 to 32,000 tonnes per year and JCC Group's demand for copper cathode and copper rod and wire is anticipated to increase by approximately 23,600 tonnes each year according to the general ratio between the raw materials needed for production and the production capacity; and (ii) JCC Group's establishment of a new supply chain finance company which mainly sells copper cathode and copper rod and wire. The quality of the copper cathode produced by the Company, which is one of the largest comprehensive copper production enterprises and one of the largest copper processing manufacturers in the PRC, is stable and reliable, with "JCC" (江銅牌) copper cathode having a good reputation and being well-known in the market. Given its increased production capacity, JCC Group inevitably needs to purchase raw materials such as copper cathode and copper rod and wire in the course of production. As the production units of JCC Group are mainly located in Jiangxi Province, and the largest smelter of the Group is also located in Jiangxi Province, JCC Group could reduce transportation costs by purchasing from the Group. Therefore, as compared with other suppliers in the market, it is expected that JCC Group would be more inclined to purchase copper cathode and copper rod and wire from the Group. Therefore, the Proposed Caps for Agreement II were determined with reference to the historical transaction amounts between the Group and JCC Group, as well as the increased production capacity and business needs of the subsidiaries under JCC Group.

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.

LETTER FROM THE BOARD

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 the “Letter from the Board” of this circular, 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 (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this 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

LETTER FROM THE BOARD

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).

LETTER FROM THE BOARD

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.

LETTER FROM THE BOARD

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%. As the interest rate implicit in the lease under the Land Use Rights Leasing Agreement cannot be determined, the Company adopted the incremental borrowing rate of 5.55% as the discount rate. Such incremental borrowing rate is (i) based on the five-year loan market quotation rate of 4.2% as announced by the People's Bank of China Interbank Funding Centre, and (ii) adjusted upwards according to the borrowing rates of the Group, representing the borrowing rate of the Group for a period similar to the lease term under the Land Use Rights Leasing Agreement. 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.

LETTER FROM THE BOARD

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 (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this 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 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 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.

LETTER FROM THE BOARD

VI. CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION

As at the Latest Practicable Date, 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 (including the independent non-executive Directors whose views are set out in the letter from the Independent Board Committee in this 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.

LETTER FROM THE BOARD

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:

Agreement	Proposed Caps		
	for the year ending 31 December		
	2024	2025	2026
	RMB	RMB	RMB
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. 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).

LETTER FROM THE BOARD

JCC is a state-owned enterprise and the holding company of the Company. The de facto controller of JCC is Stated-owned Asset Supervision and Administrative Commission of Jiangxi Province. The principal business of JCC covers non-ferrous 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.

VIII. THE INDEPENDENT BOARD COMMITTEE

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 and conditions of the Agreements and the Proposed Caps. A letter from the Independent Board Committee containing its advice and recommendation to the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder (including the Proposed Caps) has been set out on page 36 of this circular.

Lego has been appointed as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders on the same. The letter from Lego containing its advice to the Independent Board Committee and the Independent Shareholders has been set out in the section headed “Letter from Lego” of this circular.

IX. EGM

A notice convening the EGM to be held at the Conference Room of the Company at JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the PRC at 3:00 p.m. on Thursday, 4 January 2024 (or any adjournment thereof) is set out on pages 89 to 91 of this circular. At the EGM, ordinary resolutions will be proposed to approve, among others, the Agreements and the transactions contemplated thereunder and the Proposed Caps.

If you intend to attend the EGM, please complete and return the accompanying reply slip in accordance with the instructions printed thereon as soon as possible and in any event by not later than Wednesday, 27 December 2023.

Whether or not you are able to attend the EGM, you are requested to complete and return the accompanying form of proxy in accordance with the instructions printed thereon to the Company’s H Share registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong as soon as possible and in any event not less than 24 hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

LETTER FROM THE BOARD

In accordance with Rule 13.39(4) of the Listing Rules, all the resolutions proposed at the EGM will be voted on by way of poll except where the chairman of the EGM, in good faith, decides to allow a resolution which relates purely to procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolutions will be put to vote by way of poll at the EGM demanded pursuant to Article 74 of the articles of association of the Company. The Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

As at the Latest Practicable Date, JCC is interested in 1,513,847,110 Shares comprising 1,205,479,110 A Shares and 308,368,000 H Shares, representing approximately 43.72% of the total issued share capital of the Company and is therefore a connected person of the Company. In view of the interest of the JCC and its associates in the transactions contemplated under the Agreements, JCC and its associates will abstain from voting at the EGM on the ordinary resolutions in respect of the Agreements and the Proposed Caps.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, save as disclosed above, no Shareholders will be required to abstain from voting on the resolutions to be approved at the EGM.

In order to determine the identity of the Shareholders entitled to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 28 December 2023 to Thursday, 4 January 2024 (both days inclusive), during such period no share transfer will be registered. All transfer documents accompanied by the relevant share certificates, must be lodged with the H Share registrar of the Company, Hong Kong Registrars Limited, whose address is at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Wednesday, 27 December 2023.

LETTER FROM THE BOARD

X. RECOMMENDATION

Your attention is drawn to the letter from the Independent Board Committee set out on page 36 of this circular which contains its recommendation to the Independent Shareholders on the terms of the Agreements and the Proposed Caps, and the letter of advice from Lego, the text of which is set out on pages 37 to 85 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders. The Independent Shareholders are advised to read the aforesaid letters before deciding as to how to vote on the ordinary resolutions approving the Agreements and the Proposed Caps.

The Directors (including the independent non-executive Directors) consider that the proposed resolutions in respect of the Agreements and the Proposed Caps are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

XI. FURTHER INFORMATION

Your attention is also drawn to the further information set out in the appendix to this circular.

Yours faithfully,
By Order of the Board of
Jiangxi Copper Company Limited
Zheng Gaoqing
Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



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)

12 December 2023

To the Independent Shareholders

Dear Sir or Madam,

**CONTINUING CONNECTED TRANSACTIONS AND
CONNECTED TRANSACTION**

We have been appointed as members of the Independent Board Committee to advise the Independent Shareholders in respect of the Agreements and the Proposed Caps, details of which are set out in the letter from the Board in the circular of the Company dated 12 December 2023 (the “**Circular**”) to the Shareholders, of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

We wish to draw your attention to the "Letter from the Board" and the "Letter from Lego" as set out in the Circular. Having taken into account terms of the Agreements and the advice and recommendation of Lego, we consider that the terms of the Agreements and the Proposed Caps are fair and reasonable so far as the interests of the Independent Shareholders are concerned, the transactions contemplated under the Agreements are on normal commercial terms and in the ordinary and usual course of business of the Group, and the Agreements are conducted in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions which will be proposed at the EGM to approve the Agreements and the Proposed Caps.

Yours faithfully,

Liu Xike **Zhu Xingwen**
Wang Feng **Li Shuidi**
Independent Board Committee

LETTER FROM LEGO

The following is the full text of a letter of advice from Lego Corporate Finance Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation into this circular, setting out its advice to the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder (including the Proposed Caps).



12 December 2023

To the Independent Board Committee and the Independent Shareholders

Dear Sirs or Madams,

CONTINUING CONNECTED TRANSACTIONS AND CONNECTED TRANSACTION

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the Agreements and the transactions contemplated thereunder (including the Proposed Caps), details of which are set out in the “Letter from the Board” (the “**Letter from the Board**”) contained in the circular dated 12 December 2023 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context otherwise requires.

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.

LETTER FROM LEGO

As at the Latest Practicable Date, 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. Accordingly, 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.

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.

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 as to whether (i) the terms of the Agreements and the transactions contemplated thereunder (including the Proposed Caps) are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole; and (ii) the entering into of the Agreements are in the ordinary and usual course of business of the Group based on normal commercial terms, and to advise the Independent Shareholders as to whether to vote in favour of the relevant resolutions to be proposed at the EGM. As the Independent Financial Adviser, our role is to give an independent opinion to the Independent Board Committee and the Independent Shareholders in such regard.

LETTER FROM LEGO

OUR INDEPENDENCE

As at the Latest Practicable Date, Lego Corporate Finance Limited did not have any relationships or interests with the Company or JCC or any other parties that could reasonably be regarded as relevant to the independence of Lego Corporate Finance Limited. In the last two years, there was no engagement between the Group and Lego Corporate Finance Limited. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no arrangements exist whereby we have received or will receive any fees or benefits from the Company or JCC or any other party to the transactions contemplated under the Agreements. Accordingly, we are qualified to give independent advice in respect of the Agreements and the transactions contemplated thereunder (including the Proposed Caps).

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group (the “**Management**”); and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the date of the Circular and all such statements of belief, opinions and intention of the Directors and the Management and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truthfulness, accuracy and completeness of the information and representations provided to us by the Directors, the Management, and/or the advisers of the Company. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the Management are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed the relevant information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the Management, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Company or JCC or any of their respective subsidiaries or associates.

LETTER FROM LEGO

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our recommendation, we have considered the following principal factors and reasons:

A. AGREEMENT 1

1. Background to and reasons for and benefits of the entering into of Agreement 1

References are made to the 2020 Announcement and the 2020 Circular in respect of the 2020 Consolidated Supply and Services Agreement I.

As the 2020 Consolidated Supply and Services Agreement I and its annual caps will expire on 31 December 2023 and the Group and JCC Group contemplate to continue to carry out the continuing connected transactions thereunder, 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 for a term of three years commencing from 1 January 2024 up to 31 December 2026.

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.

JCC is a state-owned enterprise and the holding company of the Company. The de facto controller of JCC is Stated-owned Asset Supervision and Administrative Commission of Jiangxi Province. The principal business of JCC covers non-ferrous 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.

LETTER FROM LEGO

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.

As disclosed in the Letter from the Board, 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 for raw materials. Moreover, further expansion of the Group's business of exporting gold doré and silver will result in significant increase in demand for gold doré and silver from JCC Group as further discussed in the section headed "Assessment of the Annual Caps 1" below.

We were advised by the Management that copper concentrates, being one of the major materials to be supplied by JCC Group to the Group pursuant to Agreement 1, is the major material to the production of copper cathode, which is one of the major products of the Group. As disclosed in the Company's annual report for the year ended 31 December 2022 (the "**2022 Annual Report**"), the Group produced approximately 1,839,400 tonnes of copper cathode, which was the largest revenue source by product of the Group and accounted for approximately 52.5% of the Group's total revenue for the year. However, the Group had only produced copper contained in self-produced copper concentrates of approximately 204,400 tonnes in 2022. As advised by the Management, in view of the limited quantity of self-produced raw materials, in particular copper concentrates which is a major material to the production of copper cathode, the Group has to source raw materials, including but not limited to copper concentrates from other suppliers, including JCC Group, for production of copper cathode.

LETTER FROM LEGO

Gold, silver and sulphur contents contained in copper concentrates are being processed and extracted during the production process. The Management advised that gold, silver and sulphur contents in copper concentrates are incidental to the production of copper concentrates, and therefore the Group shall purchase such contents so that the processed and extracted products (together with copper concentrates) can be sold in the market and generate revenue for the Group. Further, during the production and/or operational process, the Group also requires ancillary materials, spare parts, processing parts, gold doré and silver.

We are of the view that the entering into of a long term supply agreement with JCC will ensure the stable supply of raw materials, ancillary materials, spare parts, processing parts, gold doré and silver to facilitate its production, which in turn ensures the smooth and ordinary operation of the Group's business. Particularly, as advised by the Management, there have been no material shortage or quality issues of the raw materials, ancillary materials, spare parts, processing parts, gold doré and silver supplied by JCC Group to the Group throughout the years of business relationships between the Group and JCC Group, that would deter the Group from continuing to source from JCC Group. JCC Group, being one of the major players in the copper industry in the PRC, has established extensive sourcing network. The Management believes that, by leveraging on JCC Group's market resources, the Group would be able to obtain stable supply channels of raw materials and save costs in developing its own sourcing network for those materials. Meanwhile, economies of scale can be achieved by consolidating the procurement of those materials in bulk through JCC Group, thus effectively controlling the average purchase cost of materials.

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;

LETTER FROM LEGO

- h. professional technical education services;
- i. labour services; and
- j. off-site communication services.

As disclosed in the Letter from the Board, 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. As advised by the Management, the supportive consolidated services to be provided by JCC Group to the Group under Agreement 1 are not directly related to the core business of the Group, but are essential to facilitate the smooth and stable business operations of the Group. In particular, JCC Group and the Group possess different construction qualifications (such as smelting ancillary construction and mine construction), expertise and knowledge in machinery and electrical equipment in the mining industry, where the Group requires certain construction and installation services, machinery and electrical equipment and the corresponding repair services depending on operating needs and geographical locations. The Directors believe that by leveraging on JCC Group's existing resources, the Group would be able to minimise the cost of establishing its own team with qualifications and expertise to handle repair and maintenance, construction and other miscellaneous services for its operation in each geographical location, while the Group can better allocate its resources on its core business operations. We are of the view that the entering into of a long term services agreement with JCC will allow the Group to secure stable provision of these supportive consolidated services from JCC Group, which in turn facilitate the smooth and stable business operations of the Group.

We noted that JCC Group has been supplying the aforesaid materials and providing the aforesaid supportive consolidated services to the Group since 1997. In view of the long cooperation history with JCC Group, JCC Group possesses the relevant experiences for the relevant supply of materials and services and has better understanding of the needs of the Group, which will allow more cost-effective and efficient supply of materials and services than those rendered by other suppliers.

In view of the reasons above, we are of the view that the entering into of the Agreement 1 is in the ordinary and usual course of business of the Group, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM LEGO

2. Principal terms of Agreement 1

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.

Pricing and payment term

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. In particular, the pricing bases of the transactions contemplated under the Agreement 1 are set out below:

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.

LETTER FROM LEGO

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 prices 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, in principle, 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. The specific settlement method may be agreed otherwise by the parties in the implementation contract.

LETTER FROM LEGO

We have obtained and reviewed randomly selected sample agreements in relation to the purchase of such materials entered into between (i) the Group and JCC Group; and (ii) the Group and Independent Third Parties, and noted that the payment terms charged to the Group by JCC Group were no less favourable than those charged by the Independent Third Parties in comparable transactions.

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, in principle, 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. The specific settlement method may be agreed otherwise by the parties in the implementation contract.

LETTER FROM LEGO

We have obtained and reviewed randomly selected sample agreements in relation to the purchase of such materials entered into between (i) the Group and JCC Group; and (ii) the Group and Independent Third Parties, and noted that the payment terms charged to the Group by JCC Group were no less favourable than those charged by the Independent Third Parties in comparable transactions.

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.

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 the 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%.

LETTER FROM LEGO

We have discussed with the Management and were given to understand that the Group replaces the refractory brick materials during its annual maintenance in relation to the smelting furnace used in the production. We noted that Jiangtong Group (Guixi) New Industry Development Co. Limited* 江西銅業集團(貴溪)新產業開發有限公司 (“**Jiangtong Guixi**”), which is a wholly-owned subsidiary of JCC and is principally engaged in material processing services, provides the Group with processing services to extract magnesium, chromium and copper from the waste refractory brick materials for further production and/or sales. We have reviewed the audit report of Jiangtong Guixi for the two years ended 31 December 2022 and noted that the gross profit margin of Jiangtong Guixi is approximately 23.7% and 21.8% for the two years ended 31 December 2022, respectively. Given the average applicable profit margin of 15% is below the gross profit margin of Jiangtong Guixi, we consider that it is fair and reasonable.

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 Non-ferrous 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.

LETTER FROM LEGO

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 recognized 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 Non-ferrous 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.

LETTER FROM LEGO

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 cost 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.

LETTER FROM LEGO

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.

As advised by the Management, if the actual amount incurred by JCC exceeds more than 14% of the total annual salary of all employees of the Group, the Group is only required to pay 14% of the total annual salary of all employees of the Group. Based on historical records, the actual amount incurred by JCC Group in previous years had not exceeded 14% of the total annual salary of all employees of the Group. The Group shall prepay one-twelfth of the annual fees for the daily welfare services to JCC Group each month and settle the balance at the end of each year.

As advised by the Management, the pre-paid amounts are determined with reference to the actual amounts incurred by JCC Group in the previous year. If the actual amounts incurred by JCC Group are less than the actual amounts pre-paid by the Group at the end of the year, the excess will be carried forward to the next following year as the pre-payment of the services fee during the term of the agreement. If the term of the agreement expires, the excess will be returned by JCC Group to the Group.

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 fee payable by the Group to JCC Group; and
- (ii) JCC Group will provide catering services to the Group's employee at a favourable rate while the water and electricity expenses are included in the budget and will be deducted from the canteen meal fees payable by the Group to JCC Group.

LETTER FROM LEGO

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.

As advised by the Management, the pre-paid amounts are determined with reference to the actual amounts incurred by JCC Group in the previous year. If the actual annual amounts incurred by JCC Group are less than the pre-paid fee at the end of the year, the excess will be carried forward to the next following year as the pre-payment of the services fee during the term of the agreement. If the term of the agreement expires, the excess will be returned by JCC Group to the Group.

Professional technical education services

JCC agreed to provide the Group's employees with the 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.

LETTER FROM LEGO

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. The parties shall ascertain the budgeted fees for the next year once every year based on the actual costs incurred, and share such budgeted fees in proportion to their respective assets.

For the two financial years ended 31 December 2022 and the period between 1 January 2023 and the Latest Practicable Date, the historical transaction amounts for the off-site communication services under the 2020 Consolidated Supply and Services Agreement I were all nil. As such, the previous respective budgeted fees were nil. However, given the possible needs for the Group's business in the future, such services have been kept in Agreement 1.

LETTER FROM LEGO

Besides, the Company has established a connected transaction management system, and will verify the types and amounts of connected transactions regularly, in order to avoid transaction amounts in excess of the budget range. If it is discovered that the actual transaction amounts have exceeded the budget, the Company shall revise the budget with JCC, and comply with the relevant internal approval procedures and/or make appropriate disclosures in accordance with the relevant requirements under the Listing Rules.

Under Agreement 1, prices to be charged by JCC Group in relation to the supply of materials are determined with reference to (i) market prices; (ii) purchase prices; (iii) sourcing fees; (iv) prices charged by JCC Group on its members; and/or (v) the costs plus applicable taxes payable to the PRC government. For the provision of services, the fees to be charged by JCC Group are determined with reference to (i) market prices; (ii) industry prices/market standards; (iii) the costs plus applicable taxes payable to the PRC government; (iv) prices charged by JCC Group on its members; (v) PRC government prescribed prices; and/or (vi) actual costs.

For the prices to be charged by JCC Group in relation to the supply of various materials including, among others, copper concentrates, gold, silver and sulphur contents contained in copper concentrates, gold doré and silver, they are determined with reference to publicly available market prices on the Shanghai Futures Exchange, LME, Shanghai Gold Exchange, Changjiang Non-Ferrous Metal Spot* (長江有色金屬現貨) and/or Ebaiyin.com* (中國白銀網), which are the exchanges or public quotation sources for metals trading, or prices from Independent Third Parties.

For the future brokerage services provided by JCC Group, the service fees are determined with reference to 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. It is also noted that the pricing terms of the transactions contemplated under Agreement 1 are substantially similar to the pricing terms of the transactions contemplated under the 2020 Consolidated Supply and Services Agreement I.

Based on the above, in particular, (i) the pricing bases are determined where the market prices and industry prices are prioritised (if available); and (ii) the pricing terms are no less favourable to the Company than terms offered by Independent Third Parties, the Directors are of the view that the pricing terms are fair and reasonable and on normal commercial terms.

LETTER FROM LEGO

We have obtained and reviewed up to three randomly selected samples of agreements and invoices in respect of relevant historical transactions (where applicable) between the Group and JCC Group under the 2020 Consolidated Supply and Services Agreement I. As advised by the Management, the agreements and invoices were standardised for each type of transactions under the 2020 Consolidated Supply and Services Agreement I. Based on our review of the sample agreements and invoices, we noted that the prices of the materials and services provided to the Group by JCC Group were in line with the pricing mechanisms as mentioned in Agreement 1. Given that (i) the aforesaid samples are obtained on a random basis, the samples are consistent and did not demonstrate any discrepancy to our understanding on the transactions between the Group and JCC Group; (ii) the transactions under the abovementioned samples were conducted during the term of the 2020 Consolidated Supply and Services Agreement I; and (iii) appropriate internal control measures of the Group were in place to govern the conduct of transactions contemplated under the 2020 Consolidated Supply and Services Agreement I, we consider such review covering the historical period under the 2020 Consolidated Supply and Services Agreement I on a typical case sampling basis on the transactions between the Group and JCC Group to be sufficient and representative from the independent financial adviser's perspective and nothing has come to our attention that causes us to believe that such transactions did not follow the internal control measures.

We have also obtained and reviewed up to three sample agreements entered into between the Group and Independent Third Parties in respect of the supply of similar materials and provision of similar services (if applicable) to the Group and the relevant invoices, where available. Based on our review of the sample agreements and invoices, we noted that the prices paid by the Group to JCC Group were no less favourable to the Group than prices paid to Independent Third Parties. We also noted that the payment terms under Agreement 1 are no less favourable to the Group than those under the aforesaid sample agreements entered into with Independent Third Parties.

Given that the terms provided by JCC Group in relation to the supply of various materials and the provision of consolidated services under Agreement 1 will be no less favourable to the Group than terms offered by Independent Third Parties in respect of similar materials and services, and that the prices are generally determined with reference to the PRC government prescribed rates, market reference prices, prices charged by JCC Group on its members, the costs plus relevant tax, or a combination of certain pricing bases as mentioned above, we concur with the view of the Directors that the pricing bases of the transactions contemplated under Agreement 1 are fair and reasonable and on normal commercial terms.

LETTER FROM LEGO

Other terms

The transactions contemplated under Agreement 1 will be conducted on an on-demand basis, which the Company has no commitment on the level of procurement of materials and usage of services, and will not incur any costs if there is no procurement of materials and/or usage of services for each of the three years ending 31 December 2026.

We have reviewed other major terms of Agreement 1 and are not aware of any terms which are exceptional to normal market practice.

Based on the above, we are of the opinion that the terms of Agreement 1 are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned.

3. Annual caps for the transactions under Agreement 1 for the three years ending 31 December 2026 (the “Annual Caps 1”)

Set out below are the historical transaction amounts for the 2020 Consolidated Supply and Services Agreement I for the two years ended 31 December 2022 and the nine months ended 30 September 2023 and the Annual Caps 1:

	For the year ended 31 December 2021 <i>(RMB' million)</i> <i>(Actual)</i>	For the year ended 31 December 2022 <i>(RMB' million)</i> <i>(Actual)</i>	For the nine months ended 30 September 2023 <i>(RMB' million)</i> <i>(Actual)</i>	For the year ending 31 December 2024 <i>(RMB' million)</i> <i>(Cap)</i>	For the year ending 31 December 2025 <i>(RMB' million)</i> <i>(Cap)</i>	For the year ending 31 December 2026 <i>(RMB' million)</i> <i>(Cap)</i>
Transaction amount	1,688.4	1,633.6	1,633.9	N/A	N/A	N/A
Annual cap	<u>2,111.3</u>	<u>2,148.8</u>	<u>2,244.1</u>	<u>6,181.4</u>	<u>6,271.3</u>	<u>6,365.9</u>
Utilisation rate	<u>80.0%</u>	<u>76.0%</u>	<u>97.1% ^(Note)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Note: The estimated utilisation rate for the year ending 31 December 2023 is calculated by dividing the annualised transaction amount for the nine months ended 30 September 2023 by the annual cap for the year ending 31 December 2023.

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Review of historical transaction amounts

We noted that the utilisation rates of the annual caps under the 2020 Consolidated Supply and Services Agreement I were generally high for the two years ended 31 December 2022 and the nine months ended 30 September 2023. The transaction amount remained relatively stable at approximately RMB1,688.4 million and RMB1,633.6 million for the two years ended 31 December 2022, respectively.

It is noted that the transaction amount of approximately RMB1,633.9 million for the nine months ended 30 September 2023 already exceeded the transaction amount of approximately RMB1,633.6 million for the year ended 31 December 2022. As advised by the Management, such increase was mainly due to the rapid growth of the Group's gold doré and silver export business resulted in the increase in the purchase of gold doré and silver from JCC Group.

Assessment of the Annual Caps 1

As disclosed in the Letter from the Board, the Annual Caps 1 were determined by the Company 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.

In order to assess the fairness and reasonableness of the Annual Caps 1, we have discussed with the Management on the bases and assumptions underlying the determination of the Annual Caps 1 as below:

- (i) We have discussed with the Management and were given to understand that the increase in the Annual Caps 1 as compared to the annual caps under the 2020 Consolidated Supply and Services Agreement I is mainly due to the expected increase in purchase of gold doré and silver from JCC Group so as to further expand the Group's gold doré and silver export business. We have reviewed the management schedule of the expected transaction amount under the Annual Caps 1 ("**Annual Caps 1 Schedule**") provided by the Management and noted that such increase is primarily attributable to Jiangxi Copper (Shenzhen) International Investment Holding Co., Ltd.* (江西銅業(深圳)國際投資控股有限公司) ("**Jiangxi Shenzhen**") and Jiangxi Copper Loyal Sky Industrial Company Limited* (江銅鴻天實業有限公司) ("**Loyal Sky**"), which are the major subsidiaries of the Group to conduct the gold doré and silver export business. Based on the review of the Annual Caps 1 Schedule, we noted that the

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total purchase of gold doré and silver by Jiangxi Shenzhen and Loyal Sky is expected to be approximately RMB4,014.3 million (the “**Connected Purchase of Gold Doré and Silver**”) for each of the three years ending 31 December 2026, respectively, representing approximately 64.9%, 64.0% and 63.1% of the Annual Caps 1 for the corresponding years.

- (ii) We have reviewed the management schedule (the “**Management Schedule**”) of the total purchase of gold doré and silver by Jiangxi Shenzhen and Loyal Sky from both Independent Third Parties and JCC Group for the two years ended 31 December 2022, the nine months ended 30 September 2023 and the three years ending 31 December 2026 provided by the Management, and the breakdown of such transaction amount is set out below.

	For the year ended 31 December 2021 <i>(RMB'million)</i> <i>(Actual)</i>	For the year ended 31 December 2022 <i>(RMB'million)</i> <i>(Actual)</i>	For the nine months ended 30 September 2023 <i>(RMB'million)</i> <i>(Actual)</i>	For the year ending 31 December 2024 <i>(RMB'million)</i> <i>(Expected)</i>	For the year ending 31 December 2025 <i>(RMB'million)</i> <i>(Expected)</i>	For the year ending 31 December 2026 <i>(RMB'million)</i> <i>(Expected)</i>
Independent Third Parties	1,101.0	3,518.0	2,210.0	1,449.0	1,550.0	1,550.0
JCC Group	-	69.0	624.0	4,013.0	4,013.0	4,013.0
Total	1,101.0	3,587.0	2,834.0	5,462.0	5,563.0	5,563.0

As illustrated in the above table, the total purchase of gold doré and silver by Jiangxi Shenzhen and Loyal Sky from both Independent Third Parties and JCC Group amounted to approximately RMB1,101.0 million, RMB3,587.0 million and RMB2,834.0 million for the two years ended 31 December 2022 and the nine months ended 30 September 2023, respectively. The total purchase of gold doré and silver by Jiangxi Shenzhen and Loyal Sky from both Independent Third Parties and JCC Group is expected to be approximately RMB5,462.0 million, RMB5,563.0 million and RMB5,563.0 million for the three years ending 31 December 2026. We have discussed with the Management and were given to understand that such expected increase is due to the further expansion of the gold doré and silver export business of the Group, which is in line with the historical growth in revenue from gold and silver as discussed below.

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- (iii) We noted that the total purchase amount of gold doré and silver by Jiangxi Shenzhen and Loyal Sky from JCC Group amounted to nil, approximately RMB69.6 million and RMB624.7 million for the two years ended 31 December 2022 and the nine months ended 30 September 2023, respectively. As advised by the Management, the relatively low purchase amount of gold doré and silver by Jiangxi Shenzhen and Loyal Sky from JCC Group for the two years ended 31 December 2022 and the nine months ended 30 September 2023 was primarily due to the constraint of the historical annual caps under the 2020 Consolidated Supply and Services Agreement I. We have discussed with the Management and were given to understand that, in view of (i) the renewal of the annual caps; and (ii) the favourable terms offered by JCC Group as compared to the Independent Third Parties, including longer credit term, lower handling fees and purchase prices, Jiangxi Shenzhen and Loyal Sky expect to increase the purchase amount of gold doré and silver from JCC Group. For illustrative purpose, the annualised amount of the total purchase of gold doré and silver by Jiangxi Shenzhen and Loyal Sky from both Independent Third Parties and JCC Group for the year ending 31 December 2023 (which is calculated based on the actual total purchase of approximately RMB2,834.0 million for the nine months ended 30 September 2023) amounts to approximately RMB3,778.7 million (the “**Annualised Purchase**”), which represents approximately 94.1% of the Connected Purchase of Gold Doré and Silver of approximately RMB4,014.3 million for each of the three years ending 31 December 2026. As such, we concurred with the Directors’ view that the bases and assumptions of determining the Annual Caps 1 are reasonable.
- (iv) We have reviewed the interim report of the Company for the six months ended 30 June 2023 (the “**2023 Interim Report**”) and noted that the Group’s operating revenue from gold increased by approximately 32.0% from approximately RMB19,244.8 million for the six months ended 30 June 2022 to approximately RMB25,411.6 million for the six months ended 30 June 2023. Similarly, the Group’s operating revenue from silver recorded substantial increase of approximately 46.5% from approximately RMB7,565.4 million for the six months ended 30 June 2022 to approximately RMB11,080.7 million for the six months ended 30 June 2023. As advised by the Management, such increase in operating revenue and costs from gold and silver was primarily due to the expansion of the export business of gold doré and silver through Jiangxi Shenzhen and Loyal Sky. Such significant increase evidenced the market opportunities which the Group can capture and the contribution of the revenue growth of the Group.

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- (v) Taking into consideration of the nature and value of gold doré and silver, the sales amount of each transaction would be substantial and hence the business scale of the gold doré and silver export is relatively large. We have discussed with the Management and were given to understand that the Group's customers for its gold doré and silver export were generally scalable companies, including international banks and financial institutions. In view of the proposed business expansion to source and engage additional customers, the Management considers that it is reasonable to expect that the sales amount for such business would grow and remain high for each of three years ending 31 December 2026, which will lead to increase in purchase of gold doré and silver by the Group. We were advised by the Management that the gold doré and silver export business is a stable and recurring source of income of the Group, hence we are of the view that it is fair and reasonable to determine the Annual Caps 1 according to the Group's sales target, so as not to limit the development of the Group's business in the event that it is able to meet its sales target.

Taking into consideration that (i) the Management Schedule only represents the expected amount of the purchase of gold doré and silver by Jiangxi Shenzhen and Loyal Sky from both Independent Third Parties and JCC Group; (ii) there is no restriction for the Group to increase its procurement of gold doré and silver from Independent Third Parties suppliers; and (iii) the terms provided by JCC in relation to the supply of gold doré and silver under Agreement 1 will be no less favourable than terms provided by Independent Third Parties in respect of similar transactions, we are of the view that the Agreement 1 would not give rise to reliance issue of the Company with its connected persons from the independent financial adviser's perspective.

Based on the aforesaid, we consider the bases of determination of the Annual Caps 1 to be fair and reasonable so far as the Independent Shareholders are concerned and the transactions contemplated under Agreement 1 are in the interests of the Company and the Shareholders as a whole.

The Annual Caps 1 are determined by the Management based on the assumptions, which include but are not limited to the current estimation of the transaction amount and market conditions. Accordingly, we express no opinion as to how closely the actual amounts contemplated under the continuing connected transactions in comparison to the Annual Caps 1.

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B. AGREEMENT 2

1. Background to and reasons for and benefits of the entering into of Agreement 2

References are made to the 2020 Announcement and the 2020 Circular in respect of the 2020 Consolidated Supply and Services Agreement II.

As the 2020 Consolidated Supply and Services Agreement II and its annual caps will expire on 31 December 2023 and that the Group and JCC Group contemplate to continue to carry out the continuing connected transactions thereunder, 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 for a term of three years commencing from 1 January 2024 up to 31 December 2026.

Pursuant to the 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).

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As disclosed in the 2022 Annual Report, copper cathode and copper rod and wire are two of the principal products of the Group. The Group produced approximately 1,839,400 tonnes of copper cathode and 1,767,400 tonnes of copper processing products for the year ended 31 December 2022, which in aggregate generated revenue of approximately RMB366.2 billion and accounted for approximately 76.5% of the Group's total revenue for the year. As advised by the Management, lead materials, zinc materials and sulphuric acid and steel balls are the by-products of the principal products of the Group. Therefore, it is within the ordinary and usual course of business of the Group to sell copper cathode, copper rod and wire and the aforesaid by-products to JCC Group, which will generate revenue for the Group.

As disclosed in the Letter from the Board, supply of certain products by the Group to JCC Group can enhance the utilization 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.

Both the Group and JCC Group require auxiliary materials such as non-ferrous metal materials, chemical materials, diesel, steel, cement, wires and cables for their respective production process. As the Group possesses relevant experiences in sourcing these auxiliary materials, the Group will purchase these auxiliary materials in bulk for both the Group and JCC Group. By centralising the procurement needs of certain auxiliary materials from both the Group and JCC Group, the Group is able to benefit from bulk purchase discounts and lower its average purchasing costs.

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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.

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As advised by the Management, the Group has excess capacity to provide the aforesaid services to JCC Group. The Directors believe that providing such services to JCC Group allows the Group to improve its production scale and efficiency by better utilising the excess capacity of its resources and hence achieve economies of scale while at the same time generating revenue for the Group. The Management also advised that the provision of certain services can achieve mutual benefit to the Group and JCC Group as the parties can share the fixed costs of the facilities, thereby reducing the costs to be borne by the Group. Accordingly, provision of the aforesaid services to JCC Group under Agreement 2 is beneficial to the overall operations of the Group and is expected to have no adverse impact on the business operations of the Group.

In view of the reasons above, in particular that (i) the supply of copper cathode and copper processing products to JCC Group will generate revenue for the Group; and (ii) the supply of waste materials, auxiliary materials and supportive services to JCC Group will improve the scale and efficiency of the business operations of the Group, we are of the view that the entering into of Agreement 2 is in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

2. Principal terms of Agreement 2

Pricing and payment term

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). In particular, the pricing bases of the transactions contemplated under Agreement 2 are set out below:

LETTER FROM LEGO

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 cost for the delivery of copper cathode from the Group's production plant to the warehouse of the Shanghai Futures Exchange (where applicable).

As disclosed in the Letter from the Board, for avoidance of risks, where the delivery location for copper cathode is the delivery warehouse designated by the Shanghai Futures Exchange, according to the normal commercial terms and the principle of fairness, the purchaser and the vendor will each bear 50% of the transportation costs, i.e. selling price of copper cathode = copper base price + premium – 50% transportation fees. Where such delivery location is other delivery warehouses not designated by the Shanghai Futures Exchange, there will be no transportation costs for delivery of copper cathode to warehouse designated by the Shanghai Futures Exchange, i.e. selling price of copper cathode = copper base price + premium – 0. Currently, the delivery locations for the Group's sales of copper cathode to JCC Group and Independent Third Parties usually have been stipulated in the specific selling contracts, such delivery locations are rarely the warehouse designated by the Shanghai Futures Exchange. However, when entering into Agreement I with JCC, in order to ensure the price calculation method applies to all circumstances, the Company adopted the formula "Q + R – S". Therefore, the pricing basis is on normal commercial terms.

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We have discussed with the Management and were given to understand that it is a common market practice to share the transportation costs for the delivery of copper cathode from the production plant to the warehouse of the Shanghai Futures Exchange equally. In view of the above and such sharing ratio is in line with the normal commercial terms and the principle of fairness, we consider the rate of 50% is fair and reasonable.

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 and sulphuric acid and other products, the prices will be determined based on the prices charged by the Group on Independent Third Parties. In particular, the prices for lead and zinc materials charged by the Group on Independent Third Parties and JCC Group are both determined with reference to the publicly available metal prices on the Shanghai Metals Market* (上海有色網) (<http://www.ssm.cn/>).
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.

LETTER FROM LEGO

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. Having considered the gross profit margin level for the Group's production and operations, the range of the relevant profit margin is between 10% and 20%.
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 markets 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 the materials to the Group upon acceptance after satisfactory inspection.

We have obtained and reviewed randomly selected sample agreements in relation to the purchase of such materials entered into between (i) the Group and JCC Group; and (ii) the Group and Independent Third Parties, and noted that the payment terms charged by the Group to JCC Group were no less favourable than those charged to the Independent Third Parties in comparable transactions.

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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 PRC government prescribed price 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.

LETTER FROM LEGO

Transportation facilities repair services

The Company has 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.

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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.

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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.

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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 area, 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 fee, 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 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.

Under Agreement 2, prices to be charged by the Group in relation to the Group's supply of various materials were determined with reference to (i) the prices quoted on Shanghai Futures Exchange; (ii) market prices charged by the Group to Independent Third Parties; (iii) the prices offered by the Group to its members; (iv) the costs plus applicable taxes payable to the PRC government; and/or (v) profit margin of the same or similar industry as quoted by the PRC government. For the provision of consolidated services, the fees charged by the Group were determined with reference to (i) market prices; (ii) the PRC government prescribed prices; (iii) industry prices; (iv) the cost plus relevant tax; and/or (v) a combination of certain pricing bases as mentioned above.

LETTER FROM LEGO

For the prices to be charged on JCC Group in relation to the supply of materials, they were determined with reference to publicly available market prices on the Shanghai Futures Exchange, which is the exchange commonly used as the benchmark for market price of metals in the PRC, or prices charged on the Independent Third Parties or members of the Group. For office lease services provided to JCC Group, the Group will ascertain from the market the rent of similar type of office in close proximity where the office premises are located and the prices and terms offered to JCC Group will not be lower than the price and terms offered by the Group to its members and the price and terms offered in the market. It is also noted that the pricing terms of the transactions contemplated under the Agreement 2 are substantially similar to the pricing terms of the transactions contemplated under the 2020 Consolidated Supply and Services Agreement II. Based on the above, in particular that (i) the pricing bases are determined where the market prices and industry prices are prioritised (if available); and (ii) the pricing terms are no less favourable to the Group than the terms offered by the Group to Independent Third Parties, the Directors are of the view that such pricing terms are fair and reasonable and on normal commercial terms.

We have obtained and reviewed up to three randomly selected samples of agreements and invoices in respect of relevant historical transactions (where applicable) between the Group and JCC Group under the 2020 Consolidated Supply and Services Agreement II. As advised by the Management, the agreements and invoices were standardised for each type of transactions under the 2020 Consolidated Supply and Services Agreement II. Based on our review of the sample agreements and invoices, we noted that the prices of the materials and services provided to the Group were consistent with the pricing mechanisms as mentioned in Agreement 2. Given that (i) the aforesaid samples are obtained on a random basis, the samples are consistent and did not demonstrate any discrepancy to our understanding on the transactions between the Group and JCC Group; (ii) the transactions under the abovementioned samples were conducted during the term of the 2020 Consolidated Supply and Services Agreement II; and (iii) appropriate internal control measures of the Group were in place to govern the conduct of transactions contemplated under the 2020 Consolidated Supply and Services Agreement II, we consider such review covering the historical period under the 2020 Consolidated Supply and Services Agreement II on a typical case sampling basis on the transactions between the Group and JCC Group to be sufficient and representative from the independent financial adviser's perspective and nothing has come to our attention that causes us to believe that such transactions did not follow the internal control measures.

LETTER FROM LEGO

We have also obtained and reviewed up to three sample agreements entered into between the Group and Independent Third Parties in respect of the supply of similar materials and provision of similar services (if applicable) from the Group and the relevant invoices, where available. Based on our review of the sample agreements and invoices, we noted that the prices charged by the Group to JCC Group were no less favourable than prices charged by the Group to Independent Third Parties. We also noted that the payment terms under Agreement 2 are no less favourable to the Group than those under the aforesaid sample agreements entered into with Independent Third Parties.

Given that the terms provided to JCC Group in relation to the supply of various materials and the provision of services under Agreement 2 will be no less favourable to the Group than those terms provided to Independent Third Parties in respect of similar products, materials and services, and that the prices were generally determined with reference to PRC government prescribed rates, market/industry prices, prices quoted on Shanghai Futures Exchange, on the costs plus basis, or a combination of certain pricing bases as mentioned above, we consider that the pricing bases of Agreement 2 are fair and reasonable.

Other terms

We have reviewed other major terms of Agreement 2 and are not aware of any terms which are exceptional to normal market practice.

Based on the above, we are of the opinion that the terms of Agreement 2 are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM LEGO

3. Annual caps for the transactions under Agreement 2 for the three years ending 31 December 2026 (the “Annual Caps 2”)

Set out below are the historical transaction amounts for the 2020 Consolidated Supply and Services Agreement II for the two years ended 31 December 2022 and the nine months ended 30 September 2023 and the Annual Caps 2:

	For the year ended 31 December 2021 <i>(RMB'million)</i> <i>(Actual)</i>	For the year ended 31 December 2022 <i>(RMB'million)</i> <i>(Actual)</i>	For the nine months ended 30 September 2023 <i>(RMB'million)</i> <i>(Actual)</i>	For the year ending 31 December 2024 <i>(RMB'million)</i> <i>(Cap)</i>	For the year ending 31 December 2025 <i>(RMB'million)</i> <i>(Cap)</i>	For the year ending 31 December 2026 <i>(RMB'million)</i> <i>(Cap)</i>
Transaction amount	2,183.6	2,375.4	1,787.0	N/A	N/A	N/A
Annual cap	<u>2,373.0</u>	<u>2,385.9</u>	<u>2,436.2</u>	<u>4,270.0</u>	<u>4,605.9</u>	<u>4,571.7</u>
Utilisation rate	<u>92.0%</u>	<u>99.6%</u>	<u>97.8%^(Note)</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

Note: The estimated utilisation rate for the year ending 31 December 2023 is calculated by dividing the annualised transaction amount for the nine months ended 30 September 2023 by the annual cap for the year ending 31 December 2023.

Review of historical transaction amount

We noted that the utilisation rates of the annual caps under the 2020 Consolidated Supply and Services Agreement II were generally high for the two years ended 31 December 2022 and the nine months ended 30 September 2023. The transaction amounts increased by approximately 8.8% from the year ended 31 December 2021 to the year ended 31 December 2022, mainly due to the increase in supply of lead materials, zinc concentrates and blister copper to JCC Group for its production and operations.

It is noted that the illustrative annualised amount for the year ending 31 December 2023 (based on the actual transaction amount for the nine months ended 30 September 2023) remain relatively stable at approximately RMB2,382.7 million as compared to that of approximately RMB2,375.4 million for the year ended 31 December 2022.

LETTER FROM LEGO

Assessment of the Annual Caps 2

As disclosed in the Letter from the Board, the Annual Caps 2 were determined by the Company 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.

In order to assess the fairness and reasonableness of the Annual Caps 2, we have discussed with the Management on the bases and assumptions underlying the determination of the Annual Caps 2 as below:

- (i) As illustrated in the above table, it is noted that the Annual Caps 2 increased by approximately RMB1,833.8 million, RMB2,169.7 million and RMB2,081.5 million (the “**Expected Increase in Annual Caps 2**”) as compared to the annual cap for the year ending 31 December 2023 under the 2020 Consolidated Supply and Services Agreement II. We have reviewed the management schedule of the expected transaction amount under the Annual Caps 2 (“**Annual Caps 2 Schedule**”) provided by the Management and noted that such increase is primarily attributable to (i) the expected increase in sales of electrolytic copper and waste materials generated from the smelting and production process to JCC Copper Strip Company Limited (江西銅業集團銅板帶有限公司) (“**Copper Strip Company**”); and (ii) the expected increase in sales of copper cathode, copper rod and wire to Jiangxi Copper Group Supply Chain Finance Co., Limited* (江西銅業集團供應鏈金融有限公司) (“**Supply Chain Finance Company**”), both of which are subsidiaries of JCC Group conducting in copper processing business.

LETTER FROM LEGO

- (ii) Based on the review of the Annual Caps 2 Schedule, we noted that the sales of electrolytic copper and waste materials to Copper Strip Company is expected to be approximately RMB1,457.1 million for each of the three years ending 31 December 2026, respectively, representing approximately 74.5%, 67.2% and 70.0% of the Expected Increase in Annual Caps 2 for the corresponding years. We have also reviewed the management schedule of the transaction amount under the 2020 Consolidated Supply and Services Agreement II provided by the Management and noted that the sales of electrolytic copper and waste materials to Copper Strip Company amounted to approximately RMB2.0 million, RMB1.9 million and RMB152.2 million for the two years ended 31 December 2022 and the nine months ended 30 September 2023, respectively. We have discussed with the Management and were given to understand that, in view of (i) the renewal of the annual caps; (ii) the long-standing cooperation with the Group and/or their extensive experience in the industry, Copper Strip Company considered that the Group is more familiar with its relevant requirements, which can help to ensure the quality and duration of procurement; and (iii) the increase in revenue and production capacity of the Group as discussed below, the sales of electrolytic copper and waste materials to Copper Strip Company is expected to increase.
- (iii) Based on the review of the Annual Caps 2 Schedule, we noted that the sales of copper cathode, copper rod and wire to Supply Chain Finance Company is expected to be approximately RMB350.0 million, RMB450.0 million and RMB500.0 million for the three years ending 31 December 2026, respectively, representing approximately 19.1%, 20.7% and 24.0% of the Expected Increase in Annual Caps 2 for the corresponding years. We have also reviewed the management schedule of the transaction amount under the 2020 Consolidated Supply and Services Agreement II provided by the Management and noted that there were no sales of copper cathode, copper rod and wire to Supply Chain Finance Company for the two years ended 31 December 2022 and the nine months ended 30 September 2023 as Supply Chain Finance Company was established in February 2023. We have discussed with the Management and were given to understand that, in view of (i) the renewal of the annual caps; (ii) the quality of the Group's copper cathode, copper rod and wire; and (iii) the geographical advantage which minimises the logistics costs, Supply Chain Finance Company expects to purchase copper cathode, copper rod and wire from the Group. We have also reviewed the management schedule of the purchase of copper cathode, copper rod and wire by Supply Chain Finance Company provided by the Management and noted that the purchase of copper cathode, copper rod and wire by Supply Chain Finance Company from Independent Third Parties amounted to approximately RMB243.0 million the nine months ended 30 September 2023, respectively, representing approximately 69.4%, 54.0% and 48.6% of the expected sales of copper cathode, copper rod and wire to Supply Chain Finance Company of approximately RMB350.0 million, RMB450.0 million and RMB500.0 million for the corresponding years.

LETTER FROM LEGO

- (iv) We have discussed with the Management and were given to understand that JCC Group has indicated the increase in demand for copper cathode and copper rod and wire from the Group for the three years ending 31 December 2026 as a result of the expected increase in production capacity of various materials of JCC Group, including but not limited to copper cathode and copper processing products such as copper plates and strips. We have further obtained and reviewed the expected production capacity of JCC Group, and noted that the production capacity of copper cathode and other copper processing products of JCC Group is expected to record an upward trend for the three years ending 31 December 2026. As disclosed in the Letter from the Board, the quality of the copper cathode produced by the Company, which is one of the largest comprehensive copper production enterprises and one of the largest copper processing manufacturers in the PRC, is stable and reliable, with “JCC” (江銅牌) copper cathode having a good reputation and being well-known in the market. Given its increased production capacity, JCC Group inevitably needs to purchase raw materials such as copper cathode and copper rod and wire in the course of production. As the production units of JCC Group are mainly located in Jiangxi Province, and the largest smelter of the Group is also located in Jiangxi Province, JCC Group could reduce transportation costs by purchasing from the Group. Therefore, as compared with other suppliers in the market, it is expected that JCC Group would be more inclined to purchase copper cathode and copper rod and wire from the Group.
- (v) As further advised by the Management, given that JCC Group is a designated lead and zinc production site of Jiangxi local government, its production capacity of lead and zinc mining and smelting business will continue to expand and the demand for lead, zinc and auxiliary materials is expected to increase. Therefore, the Group expects to increase the sales volume of lead materials, which are by-products of the principal products of the Group, to JCC Group which has two lead and zinc smelting plants for further processing of lead materials.

LETTER FROM LEGO

- (vi) With the increase in revenue and production capacity 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. As such, the Management considers that it is reasonable to expect that the sales amount to JCC Group would grow and remain high for each of three years ending 31 December 2026. We would like to emphasise that (i) the supply of copper cathode and copper processing products to JCC Group will generate revenue for the Group; and (ii) the supply of waste materials, auxiliary materials and consolidated services to JCC Group will improve the scale and efficiency of the business operations of the Group, hence we are of the view that it is fair and reasonable to determine the Annual Caps 2 according to the Group's sales target, so as not to limit the development of the Group's business in the event that it is able to meet its sales target.

Based on the aforesaid, we consider the bases of determination of the Annual Caps 2 to be fair and reasonable so far as the Independent Shareholders are concerned and the transactions contemplated under Agreement 2 are in the interests of the Company and the Shareholders as a whole.

The Annual Caps 2 are determined by the Management based on the assumptions, which include but are not limited to the current estimation of the transaction amount and market conditions. Accordingly, we express no opinion as to how closely the actual amounts contemplated under the continuing connected transactions in comparison to the Annual Caps 2.

LETTER FROM LEGO

C. THE LAND USE RIGHTS LEASING AGREEMENT

1. Background to and reasons for and benefits of the entering into of the Land Use Rights Leasing Agreement

References are made to the 2020 Announcement and the 2020 Circular in respect of the 2020 Land Use Rights Leasing Agreement.

As the 2020 Land Use Rights Leasing Agreement will expire on 31 December 2023 and the Group intends to continue to lease the Land from JCC Group thereunder, the Company entered into the Land Use Rights Leasing Agreement on 10 November 2023 with JCC to renew the lease of the Land (the “Lease”) for the term of three years commencing from 1 January 2024 up to 31 December 2026.

The subject land parcel under the Land Use Rights Leasing Agreement is the same land parcel under the 2020 Land Use Rights Leasing Agreement but the leased area of the Land contemplated under the Land Use Rights Leasing Agreement of approximately 50,737,714.77 square meters is slightly smaller than the leased area under the 2020 Land Use Rights Leasing Agreement. As advised by the Management, such smaller leased area contemplated under the Land Use Rights Leasing Agreement was primarily attributable to estimated usage of the Land by the Group from 2024 to 2026.

As disclosed in the Letter from the Board, 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 reducing investment of the Group. As advised by the Management, the Land is currently used by the Group for its production and operations. The production facilities located on the Land account for the majority of the Group’s total production capacity in Jiangxi Province, where the headquarter of the Group is located. Having considered that (i) leasing of the Land can help reducing investment of the Group; and (ii) the cost to be incurred and the adverse impact on the Group’s operations and production would be substantial, in the event of the relocation of the Group’s production facilities located on the Land, we are of the view that the Lease will ensure the stability of the operations and production of the Group without significant cash outlay.

Having considered the above, in particular the fact that the majority of the Group’s production facilities are located on the Land and the benefits of maintaining the Lease, we concur with the view of the Directors that the entering into of the Land Use Rights Leasing Agreement is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

LETTER FROM LEGO

2. Principal terms 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.

In assessing whether the rents of the Land under the Land Use Rights Leasing Agreement for each of the three years ending 31 December 2026 are fair and reasonable, we have reviewed the existing rents paid or payable by the Group for the Land under the 2020 Land Use Rights Leasing Agreement and the current minimum land price guidance issued by the PRC government. We noted that the agreed rents per square meter of the Land under the Land Use Rights Leasing Agreement amount to approximately RMB3.87, which is the same as the rents per square meter of the Land under the 2020 Land Use Rights Leasing Agreement of approximately RMB3.87, and are both lower than the current minimum land price guidance issued by the PRC government.

Given that (i) the actual rents payable under the Land Use Rights Leasing Agreement is determined in accordance with the actual area used by the Group and the land price guidance of the PRC government; (ii) the rents per square meter of the Land under the 2020 Land Use Rights Leasing Agreement and the Land Use Rights Leasing Agreement are the same; and (iii) the agreed rents per square meter for each of the years ending 31 December 2026 remains lower than the minimum land price guidance issued by the PRC government, we are of the view that the basis of determination of the rents under the Land Use Rights Leasing Agreement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

We have reviewed the other major terms of the Land Use Rights Leasing Agreement and are not aware of any unusual terms. Given the above, we are of the view that the terms of the Land Use Rights Leasing Agreement are on normal commercial terms and are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

LETTER FROM LEGO

3. 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%. As disclosed in the Letter from the Board, the interest rate implicit in the lease under the Land Use Rights Leasing Agreement cannot be determined, the Company adopted the incremental borrowing rate of 5.55% (the “IBR”) as the discount rate. We have discussed with the Management and were given to understand that such incremental borrowing rate is (i) based on the five-year loan market quotation rate of 4.2% as announced by the People’s Bank of China Interbank Funding Centre, and (ii) adjusted upwards according to the borrowing rates of the Group, representing the borrowing rate of the Group for a period similar to the lease term under the Land Use Rights Leasing Agreement. We have reviewed the 2022 Annual Report and noted that such calculation is in line with the Group’s accounting policy. We have also reviewed the banking facilities agreements of the Group provided by the Management and noted that the interest rates were comparatively similar to the IBR.

Having considered the above and the discount rate adopted for the calculation of right-of-use assets under the Land Use Rights Leasing Agreement was the same as the discount rate for the calculation of right-of-use assets under the 2020 Land Use Rights Leasing Agreement, we are of the view that the IBR of 5.55% adopted as the discount rate is fair and reasonable.

D. ANNUAL REVIEW OF THE CONTINUING CONNECTED TRANSACTIONS

Pursuant to Rules 14A.55 and 14A.56 of the Listing Rules, each of the continuing connected transactions under Agreement 1 and Agreement 2 are subject to the following requirements:

- (i) the independent non-executive Directors must review the continuing connected transactions every year and confirm in the annual report whether the transactions have been entered into:
 - in the ordinary and usual course of business of the Group;
 - on normal commercial terms or better; and
 - according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM LEGO

- (ii) the Company must engage its auditors to report on the continuing connected transactions for each financial year of the Company and that the Company's auditors must provide a letter to the Board confirming whether anything has come to their attention that causes them to believe that the continuing connected transactions:
- have not been approved by the Board;
 - were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group;
 - were not entered into, in all material respects, in accordance with the relevant agreement governing the transaction; and
 - has exceeded the Proposed Caps.

In addition, as disclosed in the Letter from the Board, 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):

- (a) the Supervisory Committee 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;
- (b) the Audit Committee is responsible for reviewing and monitoring internal control of the Company;

LETTER FROM LEGO

- (c) 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

- (d) 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.

In view of the above and in particular that the continuing connection transactions under Agreement 1 and Agreement 2 will be subject to annual review of the independent non-executive Directors and the auditors of the Company, we are of the view that appropriate measures will be in place to govern the conduct of the continuing connected transactions under Agreement 1 and Agreement 2 and safeguard the interests of the Independent Shareholders.

LETTER FROM LEGO

RECOMMENDATION

Having considered the principal factors and reasons as discussed above, we are of the view that the Agreements have been entered into in the ordinary and usual course of the Group's business and on normal commercial terms, and the terms thereof together with the Proposed Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolutions to approve the Agreements and the transactions contemplated thereunder (including the Proposed Caps) at the EGM.

Yours faithfully,
For and on behalf of
Lego Corporate Finance Limited
Stanley Ng
Managing Director

Mr. Stanley Ng is a licensed person registered with the Securities and Futures Commission and a responsible officer of Lego Corporate Finance Limited to carry out Type 6 (advising on corporate finance) regulated activity under the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong). He has over 19 years of experience in the accounting and investment banking industries.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, none of the Directors, the Supervisors or the chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which were taken or deemed to have under such provisions of the SFO); or which were required to be entered in the register required to be kept under section 352 of Part XV of the SFO; or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers.

As at the Latest Practicable Date, other than Mr. Zheng Gaoqing, an executive Director and the chairman of the Company, who is the chairman and legal representative of JCC, none of the Directors or the Supervisors is a director or employee of a company which has an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors has entered into any service contract with any member of the Group which does not expire or is not determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. NO MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, the date to which the latest published audited financial statements of the Company were made up.

5. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors are aware, none of the Directors, the Supervisors or their respective close associates (as defined in the Listing Rules) had any interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

6. INTERESTS OF DIRECTORS AND SUPERVISORS IN THE GROUP'S ASSETS OR CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, none of the Directors or the Supervisors had any direct or indirect interests in any assets which have been acquired or disposed of by or leased to any member of the Group since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up) or proposed to be so acquired, disposed of or leased.

As at the Latest Practicable Date, other than Mr. Zheng Gaoqing, Mr. Zhou Shaobing, Mr. Liu Fangyun and Mr. Yu Tong, the executive Directors, who are connected directors of JCC, none of the Directors or the Supervisors was materially interested in any contract or arrangement entered into by any member of the Group subsisting at the date of this circular which is significant in relation to the business of the Group.

7. EXPERT AND CONSENT

- (a) The following is the qualifications of Lego, which has given opinions, letters or advice contained in this circular:

Name	Qualifications
Lego Corporate Finance Limited	a corporation licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

- (b) As at the Latest Practicable Date, Lego did not have any shareholding, directly or indirectly, in any member of the Group or any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

- (c) As at the Latest Practicable Date, Lego did not have any direct or indirect interests in any assets which have been, since 31 December 2022 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group.
- (d) Lego has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 12 December 2023 and references to its name and logo in the form and context in which they are respectively included.
- (e) The letter and recommendation from Lego are given as at the date of this circular for incorporation herein.

8. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.jxcc.com>) for a period of 14 days from the date of this circular:

- (a) the letter from the Board, the text of which is set out in this circular;
- (b) the letter of recommendation from the Independent Board Committee, the text of which is set out in this circular;
- (c) the letter of advice from Lego, the text of which is set out in this circular;
- (d) the written consent of Lego as referred to in paragraph 7 above; and
- (e) the Agreements.

NOTICE OF EXTRAORDINARY GENERAL MEETING



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)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the extraordinary general meeting (the “EGM”) of Jiangxi Copper Company Limited (the “Company”) will be held at the Conference Room of the Company at JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the People's Republic of China (the “PRC”), at 3:00 p.m. on Thursday, 4 January 2024 (or any adjournment thereof) for the following purposes:

ORDINARY RESOLUTIONS

1. **“THAT**

- (i) the consolidated supply and services agreement I entered into between the Company and Jiangxi Copper Corporation Limited (“JCC”) on 10 November 2023 in respect of the supply of various materials and provision of consolidated services by JCC and its subsidiaries from time to time (other than the Company and its subsidiaries from time to time (collectively, the “Group”)) to the Group (a copy of which marked “A” has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification)(“**Agreement 1**”) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (ii) the proposed annual caps regarding Agreement 1 for each of the three financial years ending 31 December 2026 (as set out in the circular of the Company dated 12 December 2023) be and are hereby approved; and
- (iii) any director of the Company be and is hereby authorised for and on behalf of the Company to sign, seal, execute, perfect and deliver all such agreements, documents and deeds and to do all such acts, matters and things as he may in his discretion consider necessary or desirable or expedient for the purpose of or in connection with Agreement 1, the proposed annual caps and the transactions contemplated thereunder and to make and agree to such variations of a non-material nature in or to the terms of Agreement 1 as he may in his discretion consider to be desirable and in the interests of the Company.”

NOTICE OF EXTRAORDINARY GENERAL MEETING

2. **“THAT**

- (i) the consolidated supply and services agreement II entered into between the Company and JCC on 10 November 2023 in respect of the supply of various materials and provision of consolidated services by the Group to JCC and its subsidiaries from time to time (other than the Group) (a copy of which marked “B” has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification)(“**Agreement 2**”) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed;
- (ii) the proposed annual caps regarding Agreement 2 for each of the three financial years ending 31 December 2026 (as set out in the circular of the Company dated 12 December 2023) be and are hereby approved; and
- (iii) any director of the Company be and is hereby authorised for and on behalf of the Company to sign, seal, execute, perfect and deliver all such agreements, documents and deeds and to do all such acts, matters and things as he may in his discretion consider necessary or desirable or expedient for the purpose of or in connection with Agreement 2, the proposed annual caps and the transactions contemplated thereunder and to make and agree to such variations of a non-material nature in or to the terms of Agreement 2 as he may in his discretion consider to be desirable and in the interests of the Company.”

3. **“THAT**

- (i) the land use rights leasing agreement entered into between the Company and JCC on 10 November 2023 in relation to the leasing of land use right of the lands covering an area of approximately 50,737,714.77 square meters from JCC to the Group for a term of three years ending 31 December 2026 (a copy of which marked “C” has been produced to the meeting and signed by the chairman of the meeting for the purpose of identification)(the “**Land Use Rights Leasing Agreement**”) and the transactions contemplated thereunder be and are hereby approved, ratified and confirmed; and
- (ii) any director of the Company be and is hereby authorised for and on behalf of the Company to sign, seal, execute, perfect, and deliver all such agreements, documents and deeds and to do all such acts, matters and things as he may in his discretion consider necessary or desirable or expedient for the purpose of or in connection with the Land Use Rights Leasing Agreement and the transactions contemplated thereunder and to make and agree to such variations of a non-material nature in or to the terms of the Land Use Rights Leasing Agreement as he may in his discretion consider to be desirable and in the interests of the Company.”

By Order of the Board of
Jiangxi Copper Company Limited
Zheng Gaoqing
Chairman

Nanchang, Jiangxi Province, the PRC, 12 December 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

- (i) Any shareholder of the Company (the “**Shareholder(s)**”) entitled to attend and vote at the EGM is entitled to appoint one or more proxies to attend and vote at the EGM on his/her/its behalf in accordance with the articles of association of the Company. A proxy need not be a Shareholder.
- (ii) In order to be valid, the proxy form and, if such proxy form is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or authority shall be deposited at the Secretariat of the Board of the Company at 3rd Floor, JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the PRC (Postal Code: 330096) (in the case of proxy form of holders of A shares of the Company) or the Company’s H share registrar, Hong Kong Registrars Limited, at 17M Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong (in the case of proxy form of holders of H shares of the Company) not less than 24 hours before the time for holding the EGM or 24 hours before the time appointed for taking the poll.
- (iii) Shareholders or their proxies shall produce their identity documents when attending the EGM.
- (iv) In order to determine the identity of the Shareholders entitled to attend and vote at the EGM, the register of members of the Company will be closed from Thursday, 28 December 2023 to Thursday, 4 January 2024 (both days inclusive), during such period no share transfer will be registered. All transfer documents accompanied by the relevant share certificates, must be lodged with the H share registrar of the Company, Hong Kong Registrars Limited, whose address is at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong for registration by no later than 4:30 p.m. on Wednesday, 27 December 2023.
- (v) Shareholders whose name appear on the register of members of the Company on Thursday, 28 December 2023 are entitled to attend and vote at the EGM.
- (vi) Shareholders who intend to attend the EGM shall complete and lodge the reply slip for attending the EGM at the Secretariat of the Board of the Company at 3rd Floor, JCC International Plaza, 7666 Chang Dong Avenue, High-tech Development Zone, Nanchang, Jiangxi, the PRC (Postal Code: 330096) on or before Wednesday, 27 December 2023. The reply slip may be delivered to the Company by hand, by post or by fax (at fax no.: (86) 791-82710114).
- (vii) The EGM is not expected to take more than half a day. Shareholders or their proxies attending the EGM shall be responsible for their own travel and accommodation expenses.