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江西銅業股份有限公司
JIANGXI COPPER COMPANY LIMITED

(a Sino-foreign joint venture joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 0358)

CONTINUING CONNECTED TRANSACTIONS
ENTERING INTO THE NEW FINANCIAL SERVICES AGREEMENT

Reference is made to the 2021 Announcement in relation to, among others, the continuing connected transactions regarding the 2021 Financial Services Agreement entered into between JCC Finance and JCC on 28 May 2021.

In order to further improve the reasonable allocation of assets, fully realise the sharing of resources and supplement of advantages between all parties, so as to enhance the overall efficacy of the Company, on 29 December 2023, JCC Finance and JCC entered into the New Financial Services Agreement.

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

As all the applicable percentage ratios in respect of the maximum daily outstanding balance of credit services to be provided by JCC Finance to JCC Group under the New Financial Services Agreement are less than 5%, it is subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Reference is made to the 2021 Announcement in relation to, among others, the continuing connected transactions regarding the 2021 Financial Services Agreement entered into between JCC Finance and JCC on 28 May 2021, for the term from 1 June 2021 to 31 December 2023, and the maximum daily outstanding balance of credit services thereunder shall be no more than RMB2,900 million.

I. ENTERING INTO THE NEW FINANCIAL SERVICES AGREEMENT

1. Background

In order to further improve the reasonable allocation of assets, fully realise the sharing of resources and supplement of advantages between all parties, so as to enhance the overall efficacy of the Company, on 29 December 2023, JCC Finance and JCC entered into the New Financial Services Agreement.

2. New Financial Services Agreement

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

Date

29 December 2023

Parties

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

Conditions

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

Term

The term of the New Financial Services Agreement shall commence from 1 January 2024 to 31 December 2026.

Particulars of the New Financial Services Agreement

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

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

a. Cash deposit services

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

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

b. Settlement services

JCC Finance agreed to provide JCC Group with settlement services for goods or capital payment to third parties and settlement services of which the fees are prescribed by the PRC. The service fees will be payable by JCC Group to JCC Finance each time when the service is provided and are charged in accordance with the applicable rates prescribed by the PRC. The proposed cap for the service fees to be charged by JCC Finance for each of the three financial years ending 31 December 2026 under the New Financial Services Agreement will not exceed RMB10 million (equivalent to approximately HK\$11.005 million).

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

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

c. Credit services

Pursuant to the New Financial Services Agreement, JCC Finance will provide credit services (including but not limited to loan services, discounted notes, commercial note acceptance, issuance of letters of guarantee, provision of overdraft, accounts receivable factoring and finance leases) to JCC Group. JCC Finance and JCC agreed that the total daily outstanding balance of the credit services provided by JCC Finance to JCC Group shall not exceed RMB2,400 million (equivalent to approximately HK\$2,641 million) and the total daily amount of deposits of members of JCC Group maintained with JCC Finance shall be larger than the total daily outstanding balance of such credit services. JCC Group agreed to provide joint and several credit guarantee to JCC Finance for loans provided to members of JCC Group. In the event that any member of JCC Group breaches the terms of the New Financial Services Agreement or the relevant implementation agreements in utilising the credit services, resulting in JCC Finance being unable to recover all or part of the loans, JCC Finance is entitled to offset the loans (including but not limited to the interests, default interest, liquidated damages and other expenses in realising the debt) provided by JCC Finance to members of JCC Group by the deposit of JCC Group maintained with JCC Finance.

The amount of credit services provided to JCC Group by JCC Finance shall in no event exceed the proposed cap under the New Financial Services Agreement, and shall be on normal commercial terms or better to JCC Finance.

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

Termination

Either JCC Finance or JCC Group may terminate the New Financial Services Agreement by serving 7 days' prior written notice to the other party.

Proposed cap

The historical maximum daily outstanding balance of credit services provided by JCC Finance to JCC Group for the period from 1 June 2021 to 31 December 2021, the financial year ended 31 December 2022 and the period from 1 January 2023 to 30 November 2023 were RMB1,923 million, RMB2,715 million and RMB2,899 million respectively (equivalent to approximately HK\$2,116 million, HK\$2,988 million and HK\$3,190 million respectively).

The proposed cap, that is the maximum daily outstanding balance of credit services to be provided by JCC Finance to JCC Group, for each of the three financial years ending 31 December 2026 will not exceed RMB2,400 million (equivalent to approximately HK\$2,641 million).

In arriving at the above cap, the Directors have taken into account the relevant historical amounts for the period from 1 June 2021 to 31 December 2021, the financial year ended 31 December 2022 and the period from 1 January 2023 to 30 November 2023, and also considered the decrease in surplus fund of each member of JCC Group as a result of their future development plannings, the daily amount of deposits of members of JCC Group maintained with JCC Finance may decrease. Therefore, the Directors are of the view that, in order to ensure that the daily amount of deposits of members of JCC Group maintained with JCC Finance would be larger than the total daily outstanding balance of the credit services, the proposed caps of the credit services should be reduced accordingly. The provision of credit services by JCC Finance to JCC Group is subject to the relevant internal control measures, procedures and guidelines of the Group, details of which are set out in the section headed "Risk control measures" below.

Risk control measures

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

- (i) as a non-bank financial institution authorised by NAFR, formerly known as China Banking and Insurance Regulatory Commission, the business of JCC Finance is continuously and strictly supervised by NAFR. JCC Finance is required to provide regulatory report to NAFR on a regular basis;
- (ii) under the guidance and supervision of NAFR, JCC Finance has established comprehensive risk management system and internal control policies which effectively control risks and safeguard the assets security of JCC Finance;
- (iii) the independent audit committee of the Company (the “**Independent Audit Committee**”) has incorporated the risk management measures of JCC Finance in its overall risk management framework and will oversee the compliance of such policies and operations of the risk management committee of JCC Finance (the “**Risk Management Committee**”), including performing a detailed annual assessment;
- (iv) as part of its standard approval procedures, JCC Finance will adopt measures to ensure that the total outstanding balance of loans and financing services to JCC Group shall not exceed the total amount of deposits from members of JCC Group and the maximum daily outstanding balance of the loans to JCC Group shall not exceed the proposed cap under the New Financial Services Agreement;
- (v) the Risk Management Committee will conduct risk assessments for all transactions under the New Financial Services Agreement at various stages of the transactions (including prior to the transactions, in the course of the transactions and after the transactions) which will be subject to regular review by the audit committee;
- (vi) JCC Group agreed to provide guarantee to JCC Finance for all the credit services provided to members of JCC Group;
- (vii) the Company will ensure strict adherence to comprehensive internal guidelines and procedures regarding the control of financial risks and will ensure strict adherence to all applicable regulatory laws and regulations that shall be complied with; and

(viii) the business approval process of JCC Finance will not be subject to any influence from JCC Group for the following reasons:

- (a) laws and regulatory supervision – the implementation of JCC Finance’s business approval process and internal controls are subject to NAFR’s supervision. NAFR requires JCC Finance to maintain independence when approving businesses, failing which, will constitute a breach of the PRC rules and regulations and will be subject to severe penalties. Each individual involved in the loan approval process will be held personally liable for any failure to comply strictly with the relevant rules and regulations; and
- (b) guidelines and procedures regarding loans to JCC Group which are approved and regularly reviewed by the Independent Audit Committee will be strictly followed by JCC Finance.

3. Reasons for and benefits of entering into the New Financial Services Agreement

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

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

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

Save for Mr. Zheng Gaoqing, Mr. Zhou Shaobing, Mr. Yu Tong and Mr. Liu Fangyun who are the Connected Directors and have abstained from voting on the Board resolutions on 29 December 2023 relating to, among others, the New Financial Services Agreement, none of the Directors has a material interest in the New Financial Services Agreement or is required to abstain from voting on the Board resolutions in relation to the New Financial Services Agreement.

II. LISTING RULES IMPLICATIONS

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

As all the applicable percentage ratios in respect of the maximum daily outstanding balance of credit services to be provided by JCC Finance to JCC Group under the New Financial Services Agreement are less than 5%, it is subject to the reporting, annual review and announcement requirements but exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

III. GENERAL INFORMATION

1. Information of the Company

The Company is a Sino-foreign joint venture joint stock limited company incorporated in the PRC on 24 January 1997. The Company's principal business includes: mining, dressing, smelting, further processing and related technical services of non-ferrous metals and rare metals; smelting, pressing and processing and further processing of non-ferrous metal mine 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 rubber wire reinforced hydraulic type rubber hoses assemblies; casting of wear-resistant alloy products; manufacturing, processing for mining and smelting, installation, repair and sale of specialised equipment; painting,

insulation and anticorrosion works; cleansing of industrial equipment; passenger and freight transportation (including transportation of dangerous goods), freight transportation agent, warehousing (except dangerous goods); property leasing; technical consulting and service; 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).

2. Information of JCC Finance

JCC Finance is a wholly-owned subsidiary of the Company and is located at 5/F, Office Building B, Century Centre, Finance Street, No. 1100 Fenghe Middle Avenue, Honggutan District, Nanchang City, Jiangxi Province, the PRC. It was established on 8 December 2006 and has a registered capital of RMB2,600 million. Its legal representative is Mr. He Jun.

The principal business of JCC Finance comprises absorbing deposits from member units; handling borrowing of member units; handling discounted notes of member units; handling fund settlement and payment of member units; providing the businesses of entrusted borrowings, bond underwriting, non-financing letters of guarantee, financial advisory, credit verification and consulting agency to member units; engaging in interbank lending; handling bill acceptance of member units; handling product buyer's credit of member units; and engaging in fixed income marketable securities investment.

As at 31 December 2022, the audited total assets and net assets of JCC Finance were RMB29,006.88 million and RMB4,158.42 million respectively. From January to December 2022, the realised revenue and net profit of JCC Finance were RMB526.34 million and RMB410.07 million respectively.

As at 30 November 2023, the unaudited total assets and net assets of JCC Finance were RMB24,273.38 million and RMB4,507.78 million respectively. From January to November 2023, the realised revenue and net profit of JCC Finance were RMB433.98 million and RMB331.64 million respectively.

3. Information of JCC

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

JCC's principal business covers non-ferrous metal mines, non-metal mines, non-ferrous metal smelting and pressing processed products, undertaking overseas non-ferrous metallurgical industry construction projects and international tendering of domestic 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.

As at 31 December 2022, the audited total assets and net assets of JCC were RMB209,644.71 million and RMB87,404.00 million respectively and the asset-liability ratio was 58.31%. From January to December 2022, the revenue and net profit of JCC were RMB504,017.84 million and RMB7,256.98 million respectively.

As at 30 September 2023, the unaudited total assets and net assets of JCC were RMB256,492.81 million and RMB96,034.90 million respectively, and the asset-liability ratio was 62.56%. From January to September 2023, the revenue and net profit of JCC were RMB424,920.63 million and RMB5,278.53 million respectively.

IV. DEFINITIONS

“2021 Announcement”	the announcement of the Company dated 28 May 2021 in respect of, among others, the 2021 Financial Services Agreement
“2021 Financial Services Agreement”	the financial services agreement dated 28 May 2021 entered into between JCC and JCC Finance for, among others, the provision of financial services by JCC Finance to JCC Group
“Board”	the board of Directors
“Company”	Jiangxi Copper Company Limited, a Sino-foreign joint venture joint stock limited company incorporated in the PRC
“Connected Directors”	the Directors who are connected to JCC Group, including, Mr. Zheng Gaoqing, Mr. Zhou Shaobing, Mr. Yu Tong and Mr. Liu Fangyun
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Group”	the Company and its subsidiaries from time to time

“JCC”	Jiangxi Copper Corporation Limited, a controlling shareholder of the Company holding approximately 43.72% of the total issued share capital of the Company as at 28 December 2023
“JCC Finance”	JCC Finance Company Limited* (江西銅業集團財務有限公司), a wholly-owned subsidiary of the Company and a limited liability company established in the PRC on 8 December 2006
“JCC Group”	JCC and its subsidiaries (other than the Group) from time to time
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“NAFR”	the National Administration of Financial Regulation* (國家金融監督管理總局)
“New Financial Services Agreement”	the financial services agreement dated 29 December 2023 entered into between JCC and JCC Finance for, among others, the provision of financial services by JCC Finance to JCC Group
“PBOC”	the People’s Bank of China
“percentage ratio(s)”	the percentage ratio(s) as defined in Rule 14.07 of the Listing Rules
“PRC”	the People’s Republic of China
“Shanghai Listing Rules”	the rules governing the listing of stocks on the Shanghai Stock Exchange
“Share(s)”	ordinary share(s) of RMB1.00 each in the share capital of the Company

“Shareholder(s)”	the holder(s) of the Shares
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

For this announcement, translation of RMB into HK\$ is based on the exchange rate of RMB1 = HK\$1.1005, and for illustrative purpose only.

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

Nanchang, Jiangxi, the PRC, 29 December 2023

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