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

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

(Stock Code: 0358)

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

**NEW MUTUAL GUARANTEES AGREEMENT**

Reference is made to the Announcement in relation to the Mutual Guarantees Agreement entered into among Heding Copper, Fuye Group and the Counter Guarantors on 30 December 2019, whereby, Heding Copper and Fuye Group agreed that the maximum aggregated annual balance amount (which was also the maximum daily balance) of guarantees for each other's obligations in respect of loan facilities which they may respectively obtain from financial institutions for the period from 1 January 2020 to 31 December 2021 shall not exceed RMB1,600,000,000.

In order to meet the actual production and operation needs of Heding Copper, lower the finance cost, and with an intention to further increase mutual financing support between Heding Copper and Fuye Group, the Board announces that on 29 December 2020, Heding Copper, Fuye Group and the Counter Guarantors entered into the New Mutual Guarantees Agreement, which would terminate the Mutual Guarantees Agreement on its effective date (i.e. 1 January 2021).

As at the date of this announcement, as confirmed by Heding Copper and so far as the Directors are aware, Fuye Group is a substantial shareholder of Heding Copper, holding 40% of the total issued share capital of Heding Copper. The Counter Guarantors are beneficially owned by Fuye Group. Therefore, Fuye Group and the Counter Guarantors are connected persons of the Company. Accordingly, the New Mutual Guarantees Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

## **BACKGROUND**

Reference is made to the Announcement in relation to the Mutual Guarantees Agreement entered into among Heding Copper, Fuye Group and the Counter Guarantors on 30 December 2019.

Pursuant to the Mutual Guarantees Agreement, Heding Copper and Fuye Group agreed that the maximum aggregated annual balance amount (which was also the maximum daily balance) of guarantees for each other's obligations in respect of loan facilities which they may respectively obtain from financial institutions for the period from 1 January 2020 to 31 December 2021 shall not exceed RMB1,600,000,000. Jiangxi Jinhui, Jiangxi Hefeng and Zhejiang Fuhe Zhiye acted as the counter-guarantors of Fuye Group. In order to meet the actual production and operation needs of Heding Copper, lower the finance cost, and with an intention to further increase mutual financing support between Heding Copper and Fuye Group, the Board announces that on 29 December 2020, Heding Copper, Fuye Group and the Counter Guarantors entered into the New Mutual Guarantees Agreement, which would terminate the Mutual Guarantees Agreement on its effective date (i.e. 1 January 2021).

## **NEW MUTUAL GUARANTEES AGREEMENT**

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

### **Date**

29 December 2020

## **Parties**

1. Heding Copper;
2. Fuye Group;
3. Jiangxi Jinhui;
4. Jiangxi Hefeng; and
5. Zhejiang Fuhe Zhiye.

## **Mutual Guarantees**

Heding Copper and Fuye Group agreed that the maximum aggregated annual balance amount (which is also the maximum daily balance) of guarantees for each other's obligations in respect of loan facilities which they may respectively obtain from financial institutions for the period from 1 January 2021 to 31 December 2022 shall not exceed RMB1,600,000,000 (which shall include the amount of guarantees that were provided by Heding Copper and Fuye Group for each other pursuant to the Mutual Guarantees Agreement prior to 1 January 2021 and are valid during the term of the New Mutual Guarantees Agreement), provided that the execution of each loan facility contract shall take place within the period from 1 January 2021 to 31 December 2021 and the term of each loan facility shall not exceed 12 months. The Mutual Guarantees Agreement would be terminated from the effective date of the New Mutual Guarantees Agreement (i.e. 1 January 2021) provided that the existing guarantee agreements which have not reached maturity shall still be valid.

## **Undertaking**

Fuye Group undertook that in the event that the debt to asset ratio of Fuye Group reaches 70%, Fuye Group shall, forthwith, cease to execute new loan facilities pursuant to the New Mutual Guarantees Agreement and shall inform Heding Copper in writing immediately and Heding Copper shall not provide further guarantees for the additional loan facilities obtained by Fuye Group after the debt to asset ratio of which reaches 70% until Heding Copper has performed relevant approval procedures.

## **Counter-guarantees**

Jiangxi Jinhui, Jiangxi Hefeng and Zhejiang Fuhe Zhiye agreed to act as the counter-guarantors of Fuye Group, of which, they shall jointly and severally provide counter-guarantees to Heding Copper with all their assets for the guarantees provided by Heding Copper for Fuye Group in respect of the bank loan contracts signed between 1 January 2021 and 31 December 2021 under the New Mutual Guarantees Agreement. Heding Copper is entitled (i) to cease to provide guarantees if the Counter Guarantors fail to provide counter-guarantees and (ii) to request Fuye Group to increase counter-guarantees in accordance with the actual condition.

## **Annual Cap**

As at 30 November 2020, the balance of guarantees provided by Heding Copper for Fuye Group was RMB1,359.29 million and, as Fuye Group voluntarily provided additional guarantee of RMB2,327.89 million for Heding Copper, the balance of guarantees provided by Fuye Group for Heding Copper was RMB3,927.89 million.

The Proposed Cap, that is the proposed maximum aggregated annual balance amount (which is also the maximum daily balance) of guarantees to be provided by Heding Copper for Fuye Group for loan facilities contemplated under the New Mutual Guarantees Agreement for each of the financial years ending 31 December 2021 and 31 December 2022, shall be RMB1,600,000,000 (equivalent to approximately HK\$1,895,442,645.09) (which shall include the amount of guarantees that were provided by Heding Copper for Fuye Group prior to 1 January 2021 and are valid during the term of the New Mutual Guarantees Agreement). In arriving at the above annual cap, the Directors have considered the production and operation needs of Heding Copper for the period ending 31 December 2022 and the abovementioned historical amount of guarantees provided by Heding Copper for Fuye Group under the Mutual Guarantees Agreement.

## **Status of Guarantees Provided by the Group**

As at the end of November 2020, the total amount of external guarantees provided by the Group amounted to RMB1,359.29 million (equivalent to approximately HK\$1,610,285,145.65), accounting for approximately 2.58% of the Company's audited net assets attributable to the parent company for the latest period, and there were no overdue external guarantees provided by the Company.

## **REASONS FOR AND BENEFITS OF THE NEW MUTUAL GUARANTEES AGREEMENT**

It is a common practice for financial institutions in the PRC to request for corporate guarantee as a security for loan facilities granted to borrowers. The execution of the New Mutual Guarantees Agreement enables Heding Copper to receive financing from lenders in order to support its ordinary and usual course of business. In order to meet the actual production and operation needs of Heding Copper, lower the finance cost, and with an intention to further increase mutual financing support between Heding Copper and Fuye Group, Heding Copper and Fuye Group thereby entered into the New Mutual Guarantees Agreement.

The Board has approved the board resolution relating to, among others, the New Mutual Guarantees Agreement on 29 December 2020. The Directors (including the independent non-executive Directors) are of the view that the terms of the transactions contemplated under the New Mutual Guarantees Agreement are fair and reasonable and in the interest of the Company and its Shareholders as a whole. The independent non-executive Directors are further of the view that, the New Mutual Guarantees Agreement is entered in the ordinary and usual course of business of Heding Copper on normal commercial terms. The mutual guarantees under the New Mutual Guarantees Agreement do not affect the Company's independence and normal operations, are not prejudicial to the interests of the minority Shareholders and the Company could effectively control and prevent associated risks. The mutual guarantees under the New Mutual Guarantees Agreement and the decision-making procedures comply with the relevant requirements of the China Securities Regulatory Commission, the Shanghai Stock Exchange, the Stock Exchange and the Articles of Association of the Company. As a result, the independent non-executive Directors unanimously consented to the mutual guarantees under the New Mutual Guarantees Agreement.

None of the Directors have a material interest in the New Mutual Guarantees Agreement or is required to abstain from voting on the board resolution relating to the New Mutual Guarantees Agreement.

## **LISTING RULES IMPLICATIONS**

At the date of this announcement, as confirmed by Heding Copper and so far as the Directors are aware, Fuye Group is a substantial shareholder of Heding Copper, holding 40% of the total issued share capital of Heding Copper. The Counter Guarantors are beneficially owned by Fuye Group. Therefore, Fuye Group and the Counter Guarantors are connected persons of the Company. Accordingly, the New Mutual Guarantees Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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

## **GENERAL INFORMATION**

### **Information of the Company**

The Company is a Sino-foreign joint venture joint stock limited company incorporated in the PRC on 24 January 1997. The Company's main scope of operations include: mining, milling, smelting, further processing and related technical services of non-ferrous metals and rare metals; smelting, mangle processing and further processing of non-ferrous metal mines, rare metals, non-metal mines, non-ferrous metals and related by-products; sulfur chemical products and its extended products and fine chemical products related to the abovementioned operations; trading of non-ferrous metals and trading of precious metals; beneficiation pharmacy, rubber products; production and processing of toxic chemicals, corrosives, compressed gases and liquefied gases; sale and after-sale services for self-produced products together with related consultation services and businesses; geotechnical projects, surveying, tunneling projects; repair and decoration for electrical and mechanical and civil engineering works; vehicles and engineering machinery repair, mobile crane repair; production of rubber hoses assemblies-wire reinforced hydraulic type; casting of wear-resistant alloy products; manufacturing, further processing, erection, repair and sale of mining and smelting specialized equipment; painting, insulation and anticorrosion works; cleansing of industrial equipment; passenger and freight transportation (include dangerous goods transportation), freight transportation agent, warehousing (except dangerous goods); property leasing; technical consultation and services; technical development and assignment; engaging in overseas futures hedging business; provision of import and export agency services (the import and export of the abovementioned commodities do not involve commodities which are subject to and regulated under specific regulations such as state trading, import quota license, export quota bidding and export quota license).

## **Information of Heding Copper**

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

Heding Copper is a limited liability company established in the PRC with a registered capital of RMB1,280,000,000. It is situated in Xindeng Industrial Function Zone, Fuyang District, Hangzhou City, Zhejiang Province, the PRC. The legal representative of Heding Copper is Mr. Ding Zhi Yuan. The principal business of Heding Copper comprises the production, processing, sales and relevant technical services of copper cathode and sulfuric acid; investment and operation of non-ferrous metals and relevant industries projects; sales of anode mud, water granulated slag, tailings, gypsum, nickel sulfate and zinc oxide; import and export business of goods and technologies (excluding projects prohibited by laws and administrative regulations, operations of projects restricted by laws and administrative regulations may only be carried out upon the grant of permission by relevant authorities). (Projects requiring approval according to law may only be carried out upon approval by relevant authorities).

As of 31 December 2019, the audited total assets, total liabilities and net assets of Heding Copper were RMB6,328.72 million, RMB4,233.77 million and RMB2,094.95 million respectively. The audited realised operating income and realised net profit for the year ended 31 December 2019 were RMB18,264.87 million and RMB311.30 million respectively.

As of 30 November 2020, the unaudited total assets, total liabilities and net assets of Heding Copper were RMB6,970.55 million, RMB4,769.11 million and RMB2,201.44 million respectively. The unaudited realised operating income and realised total profit for the eleven months ended 30 November 2020 were RMB15,817.65 million and RMB451.67 million respectively.

## **Information of Fuye Group**

Fuye Group is a limited liability company established in the PRC with a registered capital of RMB82,200,000. It is situated in Xiejiaxi, Lushan Street, Fuyang District, Hangzhou City, Zhejiang Province, the PRC. The legal representative of Fuye Group is Mr. Luo Zhong Ping. As confirmed by Fuye Group, the principal business of Fuye Group comprises refining, processing and sale of standard copper cathode, gold and silver; processing of copper sulfate, sulfuric acid, nickel sulfate, zinc oxide, copper materials and silver products; export of self-produced products and technologies of the company; import of auxiliary raw materials, apparatus, instrument, machinery and equipment, components and parts and technologies required for production and scientific research of the company (excluding commodities and technologies whose

import and export are restricted or prohibited by the state); import of materials processing and “three-plus-one” business, and any other lawful projects not subject to reporting, review and approval. (Projects requiring approval according to law may only be carried out upon approval by relevant authorities).

Fuye Group is owned as to approximately 36.28% by Mr. Luo Zhong Ping, the legal representative of Fuye Group, as to approximately 0.88% by Mr. Ding Zhi Yuan, the legal representative of Heding Copper who also has approximately 5.3% shareholding interest in one of the shareholders of Fuye Group holding less than 10% interest in Fuye Group and as to the remaining 62.84% by 22 shareholders, each of which owned less than 10% of the entire issued share capital of Fuye Group respectively. Save for (i) their interests in Heding Copper through their respective shareholding interests in Fuye Group, and (ii) Mr. Ding Zhi Yuan being the legal representative of Heding Copper, the ultimate beneficial owners of Fuye Group are third parties independent of and not connected with the Company and its connected persons.

As of 31 December 2019, the audited total assets, total liabilities and net assets of Fuye Group were RMB3,439.86 million, RMB2,065.82 million and RMB1,374.04 million respectively. The audited realised operating income and realised net profit for the year ended 31 December 2019 were RMB9,442.36 million and RMB105.02 million respectively.

As of 30 November 2020, the unaudited total assets, total liabilities and net assets of Fuye Group were RMB4,045.78 million, RMB2,564.78 million and RMB1,481.00 million respectively. The unaudited realised operating income and realised total profit for the eleven months ended 30 November 2020 were RMB9,135.90 million and RMB125.97 million respectively.

### **Information on Jiangxi Jinhui**

Jiangxi Jinhui is a limited liability company established in the PRC, the beneficial owner of which is Fuye Group. As confirmed by Jiangxi Jinhui, its principal businesses are the development, transfer and service of environmental equipment and technologies; the development, transfer and service of non-ferrous metal smelting technologies; the development, transfer and service of disposal technologies of wastes from surface treatment, wastes with copper content and solid wastes; the disposal and comprehensive use of industrial wastes; the recycling and sales of renewable resources (including productive scrap metals); the production, processing and sales of non-ferrous metals, precious metals and mineral products; the production and sales of construction materials and new materials; and the import and export of goods (excluding projects prohibited by laws and administrative regulations, operations of projects restricted by laws and administrative regulations may only be carried out upon the grant of permission by relevant authorities). (Projects requiring approval according to law may only be carried out upon approval by relevant authorities).



## **Information on Jiangxi Hefeng**

Jiangxi Hefeng is a limited liability company established in the PRC, the beneficial owner of which is Fuye Group. As confirmed by Jiangxi Hefeng, its principal businesses are the development, transfer and service of technologies; environmental protection equipment technologies, the smelting technologies of non-ferrous metals, the disposal technologies of wastes from surface treatment, wastes with copper content and solid wastes; the disposal and comprehensive use of industrial wastes; the recycling of renewable resources (including productive scrap metals); the production, processing and sales of non-ferrous metals, precious metals and mineral products; the production and sales of construction materials and new materials; and the import and export of goods (the State has specific provisions to regulate the above-mentioned projects such that they can only be operated with a permit or qualification certificate).

## **Information on Zhejiang Fuhe Zhiye**

Zhejiang Fuhe Zhiye is a limited liability company established in the PRC, the beneficial owner of which is Fuye Group. As confirmed by Zhejiang Fuhe Zhiye, its principal businesses are the development and management of real estate; property agency, property leasing, real estate information consultations, agency services for applying property ownership certificates; property management; investment management and consultancy (excluding securities and futures); industrial investment; and the import and export of goods (excluding projects prohibited by laws and administrative regulations, operations of projects restricted by laws and administrative regulations may only be carried out upon the grant of permission by relevant authorities). (Projects requiring approval according to law may only be carried out upon approval by relevant authorities).

## **DEFINITIONS**

“Announcement”	the announcement of the Company dated 30 December 2019 in respect of the Mutual Guarantees Agreement
“Board”	the board of Directors
“Company”	Jiangxi Copper Company Limited, a Sino-foreign joint venture joint stock limited company incorporated in the PRC
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Counter Guarantors”	Jiangxi Jinhui, Jiangxi Hefeng and Zhejiang Fuhe Zhiye and Counter Guarantor means any one of them

“Directors”	director(s) of the Company
“Fuye Group”	Zhejiang Fuye Group Co., Ltd.* (浙江富冶集團有限公司), a limited liability company established in the PRC
“Group”	the Company and its subsidiaries from time to time
“Heding Copper”	Zhejiang Jiangtong Fuye Heding Copper Co., Ltd.* (浙江江銅富冶和鼎銅業有限公司), a limited liability company established in the PRC, which is held as to 40%, 40%, 15% and 5% by the Company, Fuye Group, Xuancheng Quanxin Mining Co., Ltd.*(宣城全鑫礦業有限公司) and Hangzhou Fuyang Yuanhe Industrial Co., Ltd.* (杭州富陽緣和實業有限公司) respectively
“Jiangxi Hefeng”	Jiangxi Hefeng Environmental Technology Co., Ltd.* (江西和豐環保科技有限公司), a limited liability company established in the PRC, the beneficial owner of which is Fuye Group
“Jiangxi Jinhui”	Jiangxi Jinhui Environmental Technology Co., Ltd.* (江西金匯環保科技有限公司), a limited liability company established in the PRC, the beneficial owner of which is Fuye Group
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mutual Guarantees Agreement”	the mutual guarantees agreement dated 30 December 2019 entered into among Heding Copper, Fuye Group and the Counter Guarantors for the provision of mutual guarantees between Heding Copper and Fuye Group
“New Mutual Guarantees Agreement”	the new mutual guarantees agreement dated 29 December 2020 entered into among Heding Copper, Fuye Group and the Counter Guarantors for the provision of mutual guarantees between Heding Copper and Fuye Group which replaces the Mutual Guarantees Agreement
“PRC”	the People’s Republic of China

“Proposed Cap”	the proposed maximum aggregated annual balance (which is also the maximum daily balance) of guarantees to be provided by Heding Copper and Fuye Group for each other for loan facilities contemplated under the New Mutual Guarantees Agreement
“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
“substantial shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Zhejiang Fuhe Zhiye”	Zhejiang Fuhe Zhiye Co., Ltd.* (浙江富和置業有限公司), a limited liability company established in the PRC, the beneficial owner of which is Fuye Group
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent

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

*Translation of Renminbi into Hong Kong dollars is based on the exchange rate of HK\$1.00 = RMB0.84413.*

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

Nanchang, Jiangxi, the PRC, 29 December 2020

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