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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)

SUPPLEMENTAL ANNOUNCEMENT
IN RELATION TO
RENEWAL OF FINANCE LEASE FRAMEWORK AGREEMENT
AND
PAST AND CURRENT CONTINUING CONNECTED
TRANSACTIONS

Reference is made to the announcement of Jiangxi Copper Company Limited (the “**Company**”) dated 15 December 2022 (the “**Announcement**”) in relation to, (i) the renewal of finance lease framework agreement, and (ii) past and current continuing connected transactions of the Company. Terms used herein shall have the same meanings as those defined in the Announcement unless otherwise stated.

In addition to the information disclosed in the Announcement, the Company wishes to provide further information in relation to the renewal of finance lease framework agreement and the past and current continuing connected transactions of the Company. This announcement is supplemental to and should be read in conjunction with the Announcement.

RENEWAL OF FINANCE LEASE FRAMEWORK AGREEMENT

The Company would like to clarify that the sub-section headed “RENEWAL OF FINANCE LEASE FRAMEWORK AGREEMENT – Proposed annual cap” in the Announcement shall be replaced as follows:

Proposed annual cap

The net asset value of leased assets under the 2020 Finance Lease Framework Agreement for the years ended 31 December 2020, 2021 and 2022 were approximately RMB217,487,000, RMB159,286,000 and RMB109,297,000, respectively (equivalent to approximately HK\$243,465,000, HK\$178,312,000 and HK\$122,352,000, respectively). The outstanding balance of finance lease business during the valid period of the agreement was RMB1,486,856,201 (equivalent to approximately HK\$1,664,453,376).

Pursuant to the IFRS 16 (Leases), the Company recognises right-of-use assets at the commencement date of the lease (i.e., the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the commencement date of the lease if the implicit interest rate in the lease is not readily determinable.

Accordingly, under the IFRS 16, subject to the specific lease terms and conditions provided in each lease agreement, under the New Finance Lease Framework Agreement, the Company will recognise the relevant leased assets of relevant direct lease(s), which represents the right of the Company to use the leased assets (except for short-term leases and low value leases). For sale and leaseback, the relevant transactions will be accounted for as financial leasing arrangements between the Company and the lessor. Sale and leaseback constitutes a sale of assets by the Company. For the three years ended 31 December 2020, 2021 and 2022, under the 2020 Finance Lease Framework Agreement, the business between the Company and Shenzhen Finance Leasing Company was sale and leaseback, which was recorded as a financial leasing arrangement with the lessor, and thus, could not be recognised as a right-of-use asset.

The annual cap for the finance leases under the New Finance Lease Framework Agreement for each of the three years ending 31 December 2023, 2024 and 2025 are RMB1,900,000,000 (equivalent to approximately HK\$2,126,945,000).

The proposed annual cap has been determined by the Group with reference to the following factors:

- (i) historical transaction amount between the Group and Shenzhen Finance Leasing Company;
- (ii) the current financing market conditions, interest rate and the possibility of adjustment to the interest rates for RMB-denominated loans. In the case of any adjustment to the benchmark interest rates for RMB-denominated loans in the future, the lease interest specified in the newly signed specific agreements will be determined with reference to the adjusted benchmark interest rates for RMB denominated loans;

Note: The loan prime rate (LPR) published by the National Interbank Funding Centre is as follows:

- 3.65% for loans with a term of no more than 1 year; and
- 4.30% for loans with a maturity of more than 5 years.

- (iii) the nature and book value of the leased assets. The book value of the leased assets shall not be less than the principal amount of the finance lease in any event;
- (iv) the business growth and the potential in further business expansion of Shenzhen Finance Leasing Company. Over the past few years, Shenzhen Finance Leasing Company has expanded its business, and therefore, has increased capital and a larger asset scale. The unaudited total assets of Shenzhen Finance Leasing Company had increased from approximately RMB6,802,860,000 as at 30 November 2019 to approximately RMB10,296,634,600 as at 30 November 2022, whereas its unaudited net assets had increased from approximately RMB798,520,000 as at 30 November 2019 to approximately RMB1,635,340,800 as at 30 November 2022. The unaudited operating revenue of Shenzhen Finance Leasing Company had increased from approximately RMB220,180,000 as at 30 November 2019 to approximately RMB366,611,400 as at 30 November 2022 and its unaudited net profits had increased from approximately RMB44,270,000 as at 30 November 2019 to approximately RMB120,697,600 as at 30 November 2022. As such, the Company believes that Shenzhen Finance Leasing Company has the capability and flexibility to provide more financial leasing services on a larger and wider scale to the Company;

- (v) relatively lower capital costs and financing costs for the Group as compared to leasing from other independent third parties. In light of the expansion in Shenzhen Finance Leasing Company's business and asset scale, Shenzhen Finance Leasing Company is capable of adopting a variety of business combinations, and therefore, capable of offering diverse and personalised finance lease services to the Group. As a result, as compared to leasing from other independent third parties, the Group may benefit from reduced capital costs and financing costs. Personalised finance lease services solution also allows the Company to increase the mobility of its assets, and therefore, optimise its asset structure; and
- (vi) the Company's expectation to enhance its business cooperation with Shenzhen Finance Leasing Company. In light of the business expansion of Shenzhen Finance Leasing Company and the reasons set out above, the Company believes that the number of transactions and the amount of finance leases between the Company and Shenzhen Finance Leasing Company will further increase.

PAST AND CURRENT CONTINUING CONNECTED TRANSACTIONS

(A) Past and current continuing connected transaction with Ordins Group

(a) Purchase of Copper Cathodes from Ordins Group

For the Purchase of Copper Cathodes from Ordins Group, the Group and Ordins Group had entered into 35 transactions during the period from 1 January 2022 to 30 November 2022.

There were transactions under this category during the period from 1 January 2022 to 30 November 2022. The average price of copper cathodes purchased over such period was approximately RMB67,100 per tonne.

The prices were determined after arm's length negotiations among the parties with reference to, among other things, the relevant trading price on the Shanghai Futures Exchange or market price as quoted from sources that are widely recognised in the market during the relevant quotational period, which are in line with market practice.

Payments were made by telegraphic transfer. The Group took delivery of the copper cathodes upon receipt of each payment by Ordins Group. The final settlement balances were based on the actual weight of copper cathodes delivered from the warehouse and were to be paid within two working days after such balances had been confirmed.

(b) Sale of Copper Cathodes to Ordins Group

For the Sale of Copper Cathodes to Ordins Group, during the period from 1 January 2020 to 30 November 2022, (i) 84 transactions had been entered into between the Company and Ordins Group; (ii) 2 transactions had been entered into between JCC Yingtian and Ordins Group; and (iii) 4 transactions had been entered into between JCC International Trade and Ordins Group.

(i) Transactions entered into between the Company and Ordins Group

For transactions entered into between the Company and Ordins Group, the pricing formula was copper base price plus premium. The copper base price was the spot price on the Shanghai Futures Exchange on the date of the relevant transaction, and the premium was the premium on the Shanghai Futures Exchange on the date of the relevant transaction.

There were transactions under this category during the period from 1 January 2020 to 30 November 2022. The average price of copper cathodes sold over such period was approximately RMB53,300 per tonne.

Goods were delivered upon receipt of payment. If Ordins Group did not take delivery on the date of the relevant transaction, Ordins Group was required to pay the Company a fee of 20% on the transaction amount based on the quoted spot price; such fee shall be set off against the balance of the relevant transaction amount at the time of settlement. If the real time price for the spot month futures contracts on the Shanghai Futures Exchange drops by more than 20% relative to the spot price quoted by Ordins Group prior to delivery, Ordins Group was required to make up the price difference within one working day after receiving the Company's notice of additional payment.

(ii) Transactions entered into between JCC Yingtian and Ordins Group

For transactions entered into between JCC Yingtian and Ordins Group, JCC Yingtian and Ordins Group had entered into sale and purchase agreements for each of 2021 and 2022. The principal terms of the 2021 sale and purchase agreement were similar to those of the Ordins Sale and Purchase Agreement of Copper Cathodes. For details, please refer to the Announcement.

There were transactions under this category during the period from 1 January 2021 to 30 November 2022. The average price of copper cathodes sold over such period was approximately RMB59,600 per tonne.

(iii) Transactions entered into between JCC International Trade and Ordins Group

For transactions entered into between JCC International Trade and Ordins Group, the prices were determined after arm's length negotiations among the parties with reference to, among other things, the relevant trading price on the Shanghai Futures Exchange or market price as quoted from sources that are widely recognised in the market during the relevant quotational period, which are in line with market practice.

There were transactions under this category during the period from 1 January 2022 to 30 November 2022. The average price of copper cathodes sold over such period was approximately RMB72,300 per tonne.

Payments were made by telegraphic transfer. Copper cathode was delivered to Ordins Group upon receipt of full payment by JCC International Trade. The final settlement balances were based on the actual weight of copper cathodes delivered from the warehouse and were to be paid within two working days after such balances had been confirmed.

(c) Sale of Aluminum Ingots to Ordins Group

For the Sale of Aluminum Ingots to Ordins Group, JCC International Trade and Ordins had entered into two transactions, including the Ordins Sale and Purchase Agreement of Aluminum Ingots, during the period from 1 January 2022 to 30 November 2022. For details of the Ordins Sale and Purchase Agreement of Aluminum Ingots, please refer to the Announcement.

For the other transaction entered into between JCC International Trade and Ordins in relation to the sale of aluminum ingots, the prices were determined after arm's length negotiations among the parties with reference to, among other things, the relevant trading price on the Shanghai Futures Exchange or market price as quoted from sources that are widely recognised in the market during the relevant quotational period, which are in line with market practice.

There were transactions under this category during the period from 1 January 2022 to 30 November 2022. The average price of aluminum ingots sold over such period was approximately RMB20,000 per tonne.

Payment was made by telegraphic transfer. Aluminum ingots were delivered to Ordins upon receipt of full payment by JCC International Trade. The final settlement balances were based on the actual weight of aluminum ingots delivered from the warehouse and were to be paid within two working days after such balances had been confirmed.

(B) Past and current continuing connected transaction with Fuye Group

(a) Purchase of Copper Materials from Fuye Group (other than the purchase of copper concentrates from Fuye (HK))

For the Purchase of Copper Materials from Fuye Group (other than the purchase of copper concentrates from Fuye (HK)), Heding Copper and Fuye Group had entered into 6 transactions during the period from 1 January 2020 to 30 November 2022.

There were transactions under this category during the period from 1 January 2020 to 30 November 2022. The average price of copper materials purchased over such period was approximately RMB54,000 per tonne.

The prices were determined after arm's length negotiations among the parties with reference to, among other things, the relevant trading price on the Shanghai Futures Exchange or market price as quoted from sources that are widely recognised in the market during the relevant quotational period, which are in line with market practice.

Payments of 80% of the relevant transaction amounts were to be settled within two working days after receipt and inspection of goods by Heding Copper. The final settlement balance were to be paid upon Heding Copper's issuance of invoices.

(b) Purchase of copper concentrates from Fuye (HK)

For the purchase of copper concentrates from Fuye (HK), Heding Copper and Fuye Group had entered into two agreements, including the Fuye (HK) Agreement, during the period from 1 January 2020 to 30 November 2022. Principal terms of the other agreement were substantially the same as those of the Fuye (HK) Agreement. For details, please refer to the Announcement.

There were transactions under this category during the period from 1 January 2020 to 30 November 2022. The average price of copper concentrates purchased over such period was approximately RMB52,400 per tonne.

(c) *Sale of Copper Materials to Fuye Group*

For the Sale of Copper Materials to Fuye Group, Heding Copper and Fuye Group had entered into 60 transactions in relation to the sale of copper cathodes and anode mud during the period from 1 January 2020 to 30 November 2022.

There were transactions under this category during the period from 1 January 2020 to 30 November 2022. The average price of copper materials sold over such period was approximately RMB56,300 per tonne.

For transactions involving the sale of copper cathodes, the prices were determined after arm's length negotiations among the parties with reference to, among other things, the relevant trading price on the Shanghai Futures Exchange or market price as quoted from sources that are widely recognised in the market during the relevant quotational period, which are in line with market practice. Fuye Group were to pay in full on the date of the relevant contract.

For transactions involving the sale of anode mud, the prices were determined after arm's length negotiations among the parties with reference to, among other things, the final anode mud content and relevant arithmetic average price of weighted average price on the Shanghai Futures Exchange. Fuye Group were to pay in full at the end of each settlement cycle.

(d) *Provision of Processing Service to Fuye Group*

For the Provision of Processing Service to Fuye Group, Heding Copper and Fuye Group had entered into one agreement during the period from 1 January 2022 to 30 November 2022, pursuant to which, Heding Copper provided processing services to Fuye Group from 12 September 2022 to 30 December 2022.

There were transactions under this category during the period from 1 January 2022 to 30 November 2022. The average processing fee over such period was approximately RMB220 per tonne.

The processing fee per unit of end product was negotiated on an arm's length basis with reference to the market rate of similar processing services provided by independent third parties.

Payments of processing fee were made on monthly basis by Fuye Group, upon issuance of invoices by Heding Copper.

(e) Provision of Processing Service from Fuye Group

For the Provision of Processing Service from Fuye Group, Heding Copper and Fuye Group had entered into one agreement during the period from 1 January 2022 to 30 November 2022, pursuant to which Fuye Group provided processing services to Heding Copper from 1 January 2022 to 31 December 2022.

There were transactions under this category during the period from 1 January 2022 to 30 November 2022. The average processing fee over such period was approximately RMB135 per kilogram.

The processing fee per unit of end product was negotiated on an arm's length basis with reference to the market rate of similar processing services provided by independent third parties.

Payments of processing fee were made on monthly basis by Heding Copper, upon issuance of invoices by Fuye Group.

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

Nanchang, Jiangxi, the PRC, 12 January 2023

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