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**China Nonferrous Mining Corporation Limited**  
**中國有色礦業有限公司**

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*

(Stock Code: 01258)

**CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF  
THE HUACHIN COPPER SUPPLY FRAMEWORK AGREEMENT**

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The Board is pleased to announce that, on 13 October 2020, the Company and Huachin entered into the Huachin Copper Supply Framework Agreement, pursuant to which the Company agreed to sell, or procure its subsidiaries to sell, Copper Products to Huachin Group.

**LISTING RULES IMPLICATIONS**

As at the date of this announcement, Huachin is wholly-owned by an associate of Mr. Siu Kam NG. As Mr. Siu Kam NG is a director of Huachin Leach and CNMC Huachin Mabende, each a subsidiary of the Company, and indirectly owns 32.5% and 35% equity interests in Huachin Leach and CNMC Huachin Mabende, respectively, Mr. Siu Kam NG is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Therefore, Huachin, being an associate of Mr. Siu Kam NG, is also a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the Huachin Copper Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As Octagon Commodities is a subsidiary of Huachin and one or more of the applicable percentage ratios of the proposed cap in respect of the transactions contemplated under the Huachin Copper Supply Framework Agreement together with the transactions under the OCT Copper Supply Framework Agreement of the Company dated 27 April 2020, calculated on an aggregated basis pursuant to Rule 14A.81 of the Listing Rules, exceed 5%, such transactions and the proposed cap are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, given that the Board has approved the transactions under the Huachin Copper Supply Framework Agreement and the independent non-executive Directors have confirmed that the terms of such transactions are fair and reasonable, the transactions are on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, therefore, the transactions are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

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### **Parties**

- (i) The Company
- (ii) Huachin

### **Nature**

Pursuant to the Huachin Copper Supply Framework Agreement, the Company agreed to sell, or procure its subsidiaries to sell, Copper Products to Huachin Group.

The quantity of each type of Copper Products to be sold to Huachin Group is not fixed under the terms of the Huachin Copper Supply Framework Agreement but is to be determined and negotiated between the relevant parties from time to time. Either party may terminate any specific agreement entered into pursuant to the Huachin Copper Supply Framework Agreement (but excluding the Huachin Copper Supply Framework Agreement itself) by giving the other party no less than one month's prior written notice.

The Company is not required to sell a minimum amount or any particular type of Copper Products to Huachin Group during the Term.

Before entering into the Huachin Copper Supply Framework Agreement, the Group had not sold any Copper Products to Huachin Group.

### **Term**

The term of the Huachin Copper Supply Framework Agreement commences on 13 October 2020, being the date of the Huachin Copper Supply Framework Agreement, and remains valid until 31 December 2020. Subject to compliance with the applicable rules and regulations (including without limitation, the Listing Rules), the Huachin Copper Supply Framework Agreement can be renewed for another three years upon mutual consent of the Company and Huachin.

During the Term, the Company and Huachin may enter into separate agreement(s) from time to time in respect of the sale and purchase of the Copper Products upon and subject to the terms and conditions in compliance with the Huachin Copper Supply Framework Agreement.

### **Pricing basis**

The consideration of the Copper Products to be sold under the Huachin Copper Supply Framework Agreement will be determined with reference to the prevailing market price of the Copper Products at the time of each specific agreement to be entered into pursuant to the Huachin Copper Supply Framework Agreement. Such market price refers to (in order of sequence) (i) the monthly moving average price or the monthly average settlement price of copper quoted on the London Metal Exchange; or (ii) the monthly moving average price or the monthly average settlement price of copper quoted on the Shanghai Futures Exchange; or (iii) when the market price of Copper Products could not be adequately reflected through (i) and (ii) at the place of sale or the receiving market, the price reasonably determined by both parties after making reference to the monthly average selling price of copper at the place of sale or the receiving market. Such price will be determined by making reference to the monthly average selling price charged by other renowned mining companies at the place of sale or receiving market, and a recognised copper stock index that is comparable to the London Metal Exchange or the Shanghai Futures Exchange, such as Tianjin Precious Metals Exchange or COMEX.

The Group had not encountered in the past the situation when the quoted price of London Metal Exchange and/or the Shanghai Futures Exchange cannot reflect the local market price.

## **CAP AND BASIS OF DETERMINATION**

The cap for the transactions contemplated under the Huachin Copper Supply Framework Agreement during the Term is US\$37 million.

The above cap was determined with reference to the factors including: (i) the Group's estimated copper production capacity and volume for the year ending 31 December 2020; (ii) the estimated demand for Copper Products by Huachin, which is expected to be approximately 5kt of Copper Products; and (iii) a reasonably estimated price (US\$7,400 per tonne) of the Copper Products determined with reference to the average of international copper prices (on a per tonne basis) forecasted by the industry players for the year ending 31 December 2020, which are available on Bloomberg, plus an approximate 10% buffer to accommodate any probable upward price fluctuation of the Copper Products during the Term.

## **REASONS FOR AND BENEFIT OF ENTERING INTO THE HUACHIN COPPER SUPPLY FRAMEWORK AGREEMENT**

Huachin is engaged in the trade of nonferrous metals such as electrolytic copper, copper concentrate and cobalt concentrate, and has a relatively mature sales and marketing system in the DRC. The entering into of an agreement between the Company and the connected party is beneficial for the expansion of business channel of the Company in the DRC market, extending range of customer base and improving the stability of product sales of the Company under special circumstances. Therefore, the Directors believe that the entering into of the Huachin Copper Supply Framework Agreement is conducive to the market expansion of the Group, and is in line with the business and commercial objectives of the Group.

## **LISTING RULES IMPLICATIONS**

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As Octagon Commodities is a subsidiary of Huachin and one or more of the applicable percentage ratios of the proposed cap in respect of the transactions contemplated under the Huachin Copper Supply Framework Agreement together with the transactions under the OCT Copper Supply Framework Agreement of the Company dated 27 April 2020, calculated on an aggregated basis pursuant to Rule 14A.81 of the Listing Rules, exceed 5%, such transactions and the proposed cap are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, given that the Board has approved the transactions under the Huachin Copper Supply Framework Agreement and the independent non-executive Directors have confirmed that the terms of such transactions are fair and reasonable, the transactions are on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, therefore, the transactions are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

## **DIRECTORS' CONFIRMATION**

The Directors (including the independent non-executive Directors) have reviewed the Huachin Copper Supply Framework Agreement and are of the view that the Huachin Copper Supply Framework Agreement and the transactions contemplated thereunder have been and will be entered into in the ordinary and usual course of business of the Group, are on normal commercial terms, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As none of the Directors is considered as having material interest in the continuing connected transactions contemplated under the Huachin Copper Supply Framework Agreement, none of them is required to abstain from voting on the relevant resolution of the Board.

## **INFORMATION ABOUT THE GROUP AND HUACHIN**

The principal business of the Company is investment holding. The Company's subsidiaries are principally engaged in exploration, mining, ore processing, leaching, smelting and sales of copper cathodes, blister copper, copper anodes, cobaltous hydroxide, sulfuric acid and liquid sulphur dioxide.

Huachin is a Hong Kong-based company which is mainly engaged in the procurement, logistics and transportation services of various forms of products (from raw materials to refined products), commodity processing or refining, and the sales of such products worldwide. Its business customers include mines and smelting enterprises, refineries and processors in Greater China, Southeast Asia and Africa, and industrial metal customers, trading companies and financial institutions around the world.

## DEFINITIONS

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

“associate”	has the meaning ascribed thereto under the Listing Rules
“Bloomberg”	website <a href="http://www.bloomberg.com">www.bloomberg.com</a>
“Board”	the board of Directors
“CNMC Huachin Mabende”	CNMC Huachin Mabende Mining SA (中色華鑫馬本德礦業股份有限公司*), a company incorporated under the laws of the DRC and a subsidiary of the Company
“COMEX”	Commodity Exchange, Inc, a division of the New York Mercantile Exchange, an exchange for contracts in energy and precious metals
“Company”	China Nonferrous Mining Corporation Limited (中國有色礦業有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange
“connected person”	has the meaning ascribed thereto in the Listing Rules
“continuing connected transactions(s)”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Copper Products”	the copper products including blister copper and copper cathodes
“Director(s)”	director(s) of the Company
“DRC”	the Democratic Republic of Congo
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Huachin”	Huachin International Trading Limited, a company incorporated in Hong Kong with limited liability
“Huachin Copper Supply Framework Agreement”	the framework agreement dated 13 October 2020 between the Company of and Huachin in relation to the sale and purchase of the Copper Products
“Huachin Group”	Huachin and its subsidiaries, excluding, for the purpose of this announcement only, Octagon Commodities and its subsidiaries
“Huachin Leach”	Huachin Metal Leach SA (中色華鑫濕法冶煉股份有限公司*), a company incorporated under the laws of the DRC and a subsidiary of the Company
“Independent Third Party(ies)”	party(ies) not connected with any of the Directors, chief executive, substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“kt”	kilo tonnes
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“London Metal Exchange”	the London Metal Exchange, a futures exchange for options and futures contracts on base and other metals
“Octagon Commodities”	Octagon Commodities SA, a Société Anonyme (equivalent to a public company limited by shares) incorporated in Swiss Confederation
“OCT Copper Supply Framework Agreement”	the framework agreement dated 27 April 2020 between the Company of and Octagon Commodities in relation to the sale and purchase of the Copper Products
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shanghai Futures Exchange”	the Shanghai Futures Exchange, an exchange for contracts in copper and other metals



“Shareholders”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
"Term"	the term of the Huachin Copper Supply Framework Agreement, being the period from 13 October 2020 to 31 December 2020
“Tianjin Precious Metals Exchange”	Tianjin Precious Metals Exchange, an exchange for contracts in precious metals, including copper
“US\$”	United States dollars, the current lawful currency of the United States of America
“%”	per cent

By Order of the Board  
**China Nonferrous Mining Corporation Limited**  
**Dayong YANG and Man Yi WONG**  
*Joint Company Secretaries*

Beijing, 13 October 2020

*As at the date of this announcement, the Board of the Company comprises Mr. Xiaowei WANG, Mr. Wei FAN, Mr. Lin ZHANG and Mr. Chunlai WANG as executive Directors, Mr. Jinjun ZHANG as non-executive Director, and Mr. Chuanyao SUN, Mr. Jingwei LIU and Mr. Huanfei GUAN as independent non-executive Directors.*

\* *Translation of Chinese or English terms for reference only*