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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)

**RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN
RESPECT OF 2021 TO 2023**

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Reference is made to (1) the announcement of the Company dated 18 April 2017 in respect of the continuing connected transactions under the 2017 Framework Agreements between the Company and (i) CNMC in relation to properties leased to the Group for general business and ancillary purposes; (ii) Mabende Mining in relation to the purchase of ores; (iii) Yunnan Copper Group in relation to the sale of copper products; (iv) CNMC in relation to the sale of copper products; and (v) CNMC in relation to the comprehensive mutual supply of raw materials, products and services; (2) the announcement of the Company dated 23 April 2018 in respect of revision of the relevant annual caps of the 2017 Framework Agreements (excluding the 2017 Properties Leasing Framework Agreement); (3) the announcement of the Company dated 27 April 2020 in respect of the entering into of the OCT Copper Supply Framework Agreement between the Company and Octagon Commodities, and the revision of the annual caps of certain continuing connected transactions under the 2017 Mutual Supply Framework Agreement; and (4) the announcement of the Company dated 13 October 2020 in respect of the entering into of the Huachin Copper Supply Framework Agreement between the Company and Huachin.

The 2017 Framework Agreements, the OCT Copper Supply Framework Agreement and the Huachin Copper Supply Framework Agreement will expire on 31 December 2020. As the Company intends to continue to enter into transactions of a similar nature from time to time after 31 December 2020, on 30 October 2020, the Company on one hand and CNMC, Mabende Mining, Yunnan Copper Group and Huachin, respectively, on the other hand entered into the 2020 Framework Agreements, the nature of which is similar to that of the transactions under the respective 2017 Framework Agreements, the OCT Copper Supply Framework Agreement and the Huachin Copper Supply Framework Agreement, for a term of three years from 1 January 2021 to 31 December 2023.

LISTING RULES IMPLICATIONS

As CNMC indirectly owns an aggregate of 74.52% of the issued share capital of the Company, CNMC is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2020 Properties Leasing Framework Agreement, the 2020 CNMC Copper Supply Framework Agreement and the 2020 Mutual Supply Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules. Since the highest of all the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the 2020 Properties Leasing Framework Agreement exceeds 0.1% but does not exceed 5%, such transactions and the proposed annual caps for such transactions for each of the three years ending 31 December 2023 are subject to the reporting, annual review and announcement requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the 2020 CNMC Copper Supply Framework Agreement and the 2020 Mutual Supply Framework Agreement exceed 5%, such transactions and the proposed annual caps for such transactions for each of the three years ending 31 December 2023 are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As (1) 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. Mr. Siu Kam NG owns the entire interest in Huachin SARL, and Huachin SARL holds 70% equity interests in Mabende Mining, therefore, Mabende Mining is a connected person of the Company at the subsidiary level under the Listing Rules; (2) at the date of this announcement, Huachin is wholly-owned by an associate of Mr. Siu Kam NG. 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; and (3) Yunnan Copper Group owns an aggregate of 40% of the issued share capital of CCS (being a subsidiary of the Company), therefore Yunnan Copper Group is a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the 2020 Mabende Ore Supply Framework Agreement, 2020 Huachin Copper Supply Framework Agreement and 2020 Yunnan Copper Supply Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules.

As one or more of the applicable percentage ratios of the Proposed Caps in respect of the transactions contemplated under the 2020 Mabende Ore Supply Framework Agreement, 2020 Yunnan Copper Supply Framework Agreement and 2020 Huachin Copper Supply Framework Agreement exceed 5%, such transactions and the Proposed Caps 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 2020 Mabende Ore Supply Framework Agreement, 2020 Yunnan Copper Supply Framework Agreement and 2020 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, the transactions are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

APPROVAL BY INDEPENDENT SHAREHOLDERS

As CNMC indirectly owns an aggregate of 74.52% of the issued share capital of the Company through CNMD, CNMD and its associates will abstain from voting on the resolutions approving the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps) at the EGM.

An Independent Board Committee has been formed to advise the Independent Shareholders in connected with the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps), and Rainbow Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same. A circular containing, amongst other things, further information on the terms of the Non-exempt Continuing Connected Transactions, a letter from the Independent Board Committee, an opinion of Rainbow Capital, the Independent Financial Advisor, together with a notice to convene the EGM to approve the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps), is expected to be issued to the Shareholders on or before 20 November 2020.

RENEWAL OF CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF 2021 TO 2023

BACKGROUND

Reference is made to (1) the announcement of the Company dated 18 April 2017 in respect of the continuing connected transactions under the 2017 Framework Agreements between the Company and (i) CNMC in relation to properties leased to the Group for general business and ancillary purposes; (ii) Mabende Mining in relation to the purchase of ores; (iii) Yunnan Copper Group in relation to the sale of copper products; (iv) CNMC in relation to the sale of copper products; and (v) CNMC in relation to the comprehensive mutual supply of raw materials, products and services; (2) the announcement of the Company dated 23 April 2018 in respect of revision of the relevant annual caps of the 2017 Framework Agreements (excluding the 2017 Properties Leasing Framework Agreement); (3) the announcement of the Company dated 27 April 2020 in respect of the entering into of the OCT Copper Supply Framework Agreement between the Company and Octagon Commodities, and the revision of the annual caps of certain continuing connected transactions under the 2017 Mutual Supply Framework Agreement; and (4) the announcement of the Company dated 13 October 2020 in respect of the entering into of the Huachin Copper Supply Framework Agreement between the Company and Huachin.

The 2017 Framework Agreements, the OCT Copper Supply Framework Agreement and the Huachin Copper Supply Framework Agreement will expire on 31 December 2020. As the Company intends to continue to enter into transactions of a similar nature from time to time after 31 December 2020, on 30 October 2020, the Company on one hand and CNMC, Mabende Mining, Yunnan Copper Group and Huachin, respectively, on the other hand entered into the 2020 Framework Agreements, the nature of which is similar to that of the transactions under the respective 2017 Framework Agreements, the OCT Copper Supply Framework Agreement and the Huachin Copper Supply Framework Agreement, for a term of three years from 1 January 2021 to 31 December 2023.

CONTINUING CONNECTED TRANSACTIONS UNDER THE 2020 FRAMEWORK AGREEMENTS

On 30 October 2020, the Company (for itself and on behalf of its subsidiaries) entered into the 2020 Framework Agreements with CNMC (for itself and on behalf of its subsidiaries), Mabende Mining (for itself and on behalf of its subsidiaries, if applicable), Yunnan Copper Group (for itself and on behalf of its subsidiaries) and Huachin (for itself and on behalf of its subsidiaries), respectively, the nature of which is similar to that of the transactions under the respective 2017 Framework Agreements, the OCT Copper Supply Framework Agreement and the Huachin Copper Supply Framework Agreement, for a term of three years from 1 January 2021 to 31 December 2023. Subject to compliance with the applicable rules and regulations (including the Listing Rules), the term can be renewed for another three years upon mutual consent of the parties.

Each of the 2020 Framework Agreements shall take effect upon the approval of the relevant 2020 Framework Agreements and the proposed annual caps thereunder having been obtained from the relevant authoritative bodies (including the Board and/or the Shareholders (if appropriate)) in accordance with the applicable rules and the Listing Rules.

During the current term of each of the 2020 Framework Agreements, members of the Group and members of CNMC Group, Mabende Mining (and its subsidiaries), Yunnan Copper Group (and its subsidiaries) and Huachin (and its subsidiaries), respectively, may enter into specific agreements from time to time in respect of the provision and/or receipt of the relevant services and sale/purchase of goods to/from the relevant party upon and subject to the terms and conditions in compliance with those of the relevant 2020 Framework Agreements.

Other details and particulars of the 2020 Framework Agreements are set forth below.

a) 2020 Properties Leasing Framework Agreement

Parties

- (1) The Company
- (2) CNMC

Nature

Pursuant to the 2020 Properties Leasing Framework Agreement, CNMC has agreed to lease the Leased Properties to the Group for general business and ancillary purposes.

The Leased Properties consist of properties in the PRC and Zambia which are used for administration, support and other miscellaneous purposes. As of 30 June 2020, which is the latest practicable date as of which such information is available, such properties leased in the PRC consisted of an aggregate gross floor area of approximately 1,828 m², comprising approximately 0.37% of the total gross floor area of buildings used by the Group. As of 30 June 2020, which is the latest practicable date as of which such information is available, such properties leased in Zambia consisted of an aggregate gross floor area of 20,888 m², comprising approximately 5.6% of the total gross floor area of buildings used by the Group.

The Company may require CNMC to renew the term of the lease by giving six months' notice before the expiry of the lease. The Group may, at any time before the 2020 Properties Leasing Framework Agreement expires, terminate the lease of all or some of the Leased Properties by giving six months' written notice. If the lease of a Leased Property is terminated, the rent payable by the Group shall be reduced accordingly. According to the 2020 Properties Leasing Framework Agreement, CNMC cannot terminate a lease unilaterally without the Company's consent unless the Group has changed the use of the relevant Leased Property without the consent of the CNMC Group.

Pricing basis

The rental shall be determined by the parties based on the rental of comparable properties at the proximity, taking into account the actual circumstances of the location of the Leased Properties.

CNMC has agreed to pay properties taxes, fees and other statutory charges relating to the Leased Properties.

Historical transaction amounts

The table below sets forth the historical rentals paid under the 2017 Properties Leasing Framework Agreement for the two years ended 31 December 2019, the six months ended 30 June 2020 and the annual cap for the year ending 31 December 2020:

For the year ended 31 December 2018	For the year ended 31 December 2019	For the six months ended 30 June 2020 (unaudited)	Annual cap for the year ending 31 December 2020
<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>
5,780,000	0	2,770,000	9,530,000

So far as the Directors are aware, the annual cap for the year ending 31 December 2020 has not been exceeded as at the date of this announcement.

Currently, the rentals for the Leased Properties reflect the prevailing market rentals in the vicinity of the relevant property.

Proposed annual caps and basis of determination

The proposed annual caps for the annual rentals contemplated under the 2020 Properties Leasing Framework Agreement for the three years ending 31 December 2023 and the basis of determination of such annual caps are set out as follows:

For the year ending 31 December 2021 (US\$)	For the year ending 31 December 2022 (US\$)	For the year ending 31 December 2023 (US\$)
9,530,000	9,530,000	9,530,000

The above proposed annual caps were determined by reference to factors such as (i) historical rental value; (ii) the prevailing market rentals of the Leased Properties; (iii) the demand for leasing properties from the Company's projects; and (iv) the Company is not expecting a substantial rental increment of the Leased Properties.

Payment terms

The total annual rental payable under the 2020 Properties Leasing Framework Agreement will be payable every 12 months in arrears and be reviewed every three years. The new amount of rent payable will not be higher than the then prevailing market rent as confirmed by an independent valuer.

Reasons for and benefit of entering into the 2020 Properties Leasing Framework Agreement

The Directors consider the 2020 Properties Leasing Framework Agreement is consistent with the business and commercial objectives of the Company as the operation of the Group will not be disturbed by relocation and the Group will be provided with an overall business and operational convenience.

Listing Rules Implications

As CNMC indirectly owns an aggregate of 74.52% of the issued share capital of the Company, CNMC is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2020 Properties Leasing Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules. Since the highest of all the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the 2020 Properties Leasing Framework Agreement exceeds 0.1% but does not exceed 5%, such transactions and the proposed annual caps for such transactions for each of the three years ending 31 December 2023 are subject to the reporting, annual review and announcement requirements but are exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

b) 2020 Mabende Ore Supply Framework Agreement

Parties

- (1) The Company
- (2) Mabende Mining

Nature

Pursuant to the 2020 Mabende Ore Supply Framework Agreement, the Company agreed to purchase, or procure its subsidiaries to purchase, copper ores mined by Mabende Mining (and its subsidiaries). Either party may terminate any specific agreement entered into pursuant to the 2020 Mabende Ore Supply Framework Agreement (but excluding the 2020 Mabende Ore Supply Framework Agreement) by giving the other party no less than one month's prior written notice.

Under the terms of the 2020 Mabende Ore Supply Framework Agreement, Mabende Mining has principally agreed to sell all of the ores mined by Mabende Mining, except that with the Company's consent, Mabende Mining may sell ores in excess of the Group's demand to third parties.

The ores supplied by Mabende Mining will mainly be used for the DRC project held by CNMC Huachin Mabende, a subsidiary of the Company in the DRC. Huachin Leach and CNMC Huachin Mabende are 32.5% and 35%, respectively, indirectly owned by Mr. Siu Kam NG, who also owns 70% interest in Mabende Mining. It was a commercial agreement between the Group and Mr. Siu Kam NG that Mabende Mining will supply ores for leaching operations undertaken by CNMC Huachin Mabende, a subsidiary of the Company.

Pricing basis

The prices of ores shall be subject to annual negotiation with reference to the prevailing market price of the ores at the time of each specific agreement to be entered into pursuant to the 2020 Mabende Ore 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 could not be adequately reflected through (i) and (ii) at the place of sale or the receiving market of copper ore, the price reasonably determined by both parties after making reference to the monthly average selling price at the place of sale or the receiving market. Such price will be determined by making reference to the selling price charged by other renowned mining companies at the place of sale or receiving market, and a recognized 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 has 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.

The monthly average copper content should be at least above 2.5% (including 2.5%). If the Group has an intention of purchasing ores with a copper content below 2.5%, the parties shall determine the purchase price taking into account the copper content of the ore, the degree of difficulty (costs) of recovery and recovery rate of copper, as well as the prevailing market price of ores of the same level, and the price will only be implemented after approval by the board of directors of the Company's relevant subsidiary.

As the value of copper ores is intrinsically less than the value of copper, a coefficient is applied to the price of copper to obtain the price of copper ores satisfactory to both parties. Such coefficient shall be determined by the parties after making reference to the coefficient applied by an Independent Third Party under normal commercial terms at the place of sale or the receiving market. If no such coefficient from an Independent Third Party is available, the parties shall negotiate the purchase price taking into the prevailing market price of ores of the same level, and the price will only be implemented after approval by the board of directors of the Company's relevant subsidiary.

Historical transaction amounts

The table below sets forth the historical transaction amounts of the transactions under the 2017 Huachin Ore Supply Framework Agreement for the two years ended 31 December 2019, the six months ended 30 June 2020 and the annual cap for the year ending 31 December 2020:

For the year ended 31 December 2018 (US\$)	For the year ended 31 December 2019 (US\$)	For the six months ended 30 June 2020 (unaudited) (US\$)	Annual cap for the year ending 31 December 2020 (US\$)
14,126,000	32,112,000	14,672,642	80,000,000

So far as the Directors are aware, the annual cap for the year ending 31 December 2020 has not been exceeded as at the date of this announcement.

Currently, the ores are charged in accordance with the monthly average settlement price of copper quoted on the London Metal Exchange, the copper content of the ore, the degree of difficulty (costs) of recovery and recovery rate of copper and with reference to the coefficient applied by Independent Third Parties under normal commercial terms.

Proposed annual caps and basis of determination

The proposed annual caps for the on-going transactions contemplated under the 2020 Mabende Ore Supply Framework Agreement for the three years ending 31 December 2023 and the basis of determination of such annual caps are set out as follows:

For the year ending 31 December 2021 (US\$)	For the year ending 31 December 2022 (US\$)	For the year ending 31 December 2023 (US\$)
82,800,000	85,200,000	86,400,000

The above proposed annual caps were determined by reference to factors such as (i) the estimate ore production capacity of Mabende Mining; (ii) the grade of the ores; (iii) the reasonable expected price range for copper for the three years ending 31 December 2023; and (iv) the coefficient to be applied to copper which shall be determined by the parties after commercial negotiation, having regard to prevailing coefficient factors applied by ore purchasers in the local markets.

It is expected that the copper content in the ores mined by Mabende Mining will amount to approximately 40,000 tonnes for each of the three years ending 31 December 2023. Based on the industry data, it is forecasted that the copper price will be around US\$6,900 per tonne in 2021, US\$7,100 per tonne in 2022 and US\$7,200 per tonne in 2023. Industry data refers to the average forecast copper prices of around 20 renowned international banks, research institutions and securities houses on Bloomberg's data portal, after allowing a reasonable/probable upward price fluctuation of approximately 10%. The annual caps above are derived by applying a coefficient of 0.30, having regard to prevailing coefficient factors applied by copper ore purchasers in the local markets.

Payment terms

The payment terms will be agreed and detailed in the specific agreements.

In relation to purchase of ores from Mabende Mining, the payment terms are determined on a Delivered at Place (DAP) basis (that is, Mabende Mining is required to deliver the ores to the designated storage place of the Group). The Group will make payment after receipt of the ores. The Group will make payment for a portion of ores purchased and the remaining amount will be settled monthly after the actual amount of ores purchased and the copper content thereof are determined. The Directors are of the view that such payment terms are in line with market practice and the payment terms with the Company's Independent Third Party suppliers.

Reasons for and benefit of entering into the 2020 Mabende Ore Supply Framework Agreement

With the increase in production capacity of the Group, demand for ores increased accordingly. The Company entered into the 2020 Mabende Ore Supply Framework Agreement to ensure a steady supply of ores for the operation of CNMC Huachin Mabende in the DRC, so that the business and commercial objectives of the Group can be achieved.

Listing Rules Implications

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. Mr. Siu Kam NG owns the entire interest in Huachin SARL, and Huachin SARL holds 70% equity interests in Mabende Mining, therefore, Mabende Mining is a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the 2020 Mabende Ore Supply Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules.

As one or more of the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the 2020 Mabende Ore Supply Framework Agreement exceed 5%, such transactions and the proposed annual caps for such transactions for each of the three years ending 31 December 2023 are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, given that the Board has approved the transactions under the 2020 Mabende Ore 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, the transactions are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

c) 2020 Yunnan Copper Supply Framework Agreement

Parties

- (1) The Company
- (2) Yunnan Copper Group

Nature

Pursuant to the 2020 Yunnan Copper Supply Framework Agreement, the Company agreed to sell, or procure its subsidiaries to sell, copper products including blister copper and copper cathodes to Yunnan Copper Group and its subsidiaries, including Yunnan Copper Industry Co., Ltd*.

The quantity of each type of copper products to be sold to Yunnan Copper Group is not fixed under the terms of the 2020 Yunnan Copper Supply Framework Agreement but is to be determined and agreed between the relevant parties from time to time. Either party may terminate any specific agreement entered into pursuant to the 2020 Yunnan Copper Supply Framework Agreement (but excluding the 2020 Yunnan Copper Supply Framework Agreement) 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 Yunnan Copper Group.

Pricing basis

The consideration for sale of the copper products will be determined with reference to the market price of the existing copper products at the time of each specific agreement to be entered into pursuant to the 2020 Yunnan 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 selling price charged by other renowned mining companies at the place of sale or receiving market, and a recognized 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 has 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.

Historical transaction amounts

The table below sets forth the historical transaction amounts of the transactions under the 2017 Yunnan Copper Supply Framework Agreement for the two years ended 31 December 2019, the six months ended 30 June 2020 and the annual cap for the year ending 31 December 2020:

For the year ended 31 December 2018	For the year ended 31 December 2019	For the six months ended 30 June 2020 (unaudited)	Annual cap for the year ending 31 December 2020
<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>
333,268,000	412,194,000	156,116,570	1,230,000,000

So far as the Directors are aware, the annual cap for the year ending 31 December 2020 has not been exceeded as at the date of this announcement.

Currently, the copper products are charged in accordance with the monthly moving average price or the monthly average settlement price of copper quoted on the London Metal Exchange.

The table below sets forth the historical production volume of blister copper and copper anodes of the Group as well as the actual sales volume of blister copper and copper anodes of the Group to Yunnan Copper Group:

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the six months ended 30 June 2020 (unaudited)
Production volume	220,479 tonnes	234,837 tonnes	111,833 tonnes
Sales volume	56,041 tonnes	73,269 tonnes	28,404 tonnes
Percentage of sales	25%	31%	25%

Proposed annual caps and basis of determination

The proposed annual caps for the on-going transactions contemplated under the 2020 Yunnan Copper Supply Framework Agreement for the three years ending 31 December 2023 and the basis of determination of such annual caps are set out as follows:

For the year ending 31 December 2021 (US\$)	For the year ending 31 December 2022 (US\$)	For the year ending 31 December 2023 (US\$)
869,400,000	972,700,000	986,400,000

The above proposed annual caps were determined by reference to factors including, among which (i) historical transaction amounts and volumes; (ii) the Group's estimated copper production capacity and volume; (iii) estimated growth in the demand for copper products by the Yunnan Copper Group and its subsidiaries from the Group; and (iv) reasonable expected price range for the copper products provided by the Group for the three years ending 31 December 2023.

The production volume of blister copper and copper anodes of the Group is approximately 371kt, 402kt and 403kt, respectively, in each of the three years ending 31 December 2023. In view of the shortage of copper supply in the PRC and the expected orders from Yunnan Copper Group, which is calculated with reference to the percentage of shareholdings that Yunnan Copper Group has in CCS and Lualaba Copper Smelter, the Group expects to sell approximately 126kt, 137kt and 137kt of blister copper and copper anodes to Yunnan Copper Group for the three years ending 31 December 2023, respectively. The percentage of the sales volume of blister copper to Yunnan Copper Group for each of the three years ending 31 December 2023 is expected to be approximately 34%. The above annual caps are determined on the basis that the forecasted copper price will be around US\$6,900 per tonne in 2021, US\$7,100 per tonne in 2022 and US\$7,200 per tonne in 2023.

Payment terms

The payment terms will be agreed and detailed in the specific agreements.

In relation to sale of copper products to Yunnan Copper Group, the payment terms are determined on a Free Carrier (FCA) basis (that is, the Group is required to deliver the copper products to the carrier at the Group's plants and the transportation cost and risks are transferred to Yunnan Copper Group after delivery to the carrier). Yunnan Copper Group will make advance payment for a portion of copper products and the remaining amount will be paid by wire transfer. The Directors are of the view that such payment terms are in line with market practice and the payment terms with the Company's Independent Third Party customers.

Reasons for and benefit of entering into the 2020 Yunnan Copper Supply Framework Agreement

The Group has been selling copper products to Yunnan Copper Group and its subsidiaries and will continue to supply such products to Yunnan Copper Group for its business needs. The Directors consider that the 2020 Yunnan Copper Supply Framework Agreement is consistent with the business and commercial objectives of the Group as the sales of copper products to Yunnan Copper Group can further enhance the business opportunities of the Group, broaden the revenue base of the Group and increase the capacity utilization level of the Group.

Listing Rules Implications

As Yunnan Copper Group owns an aggregate of 40% of the issued share capital of CCS (being a subsidiary of the Company), therefore Yunnan Copper Group is a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the 2020 Yunnan Copper Supply Framework Agreement constitute continuing connected transactions for the Company.

As one or more of the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the 2020 Yunnan Copper Supply Framework Agreement exceed 5%, such transactions and the proposed annual caps for such transactions for each of the three years ending 31 December 2023 are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, given that the Board has approved the transactions under the 2020 Yunnan 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, the transactions are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

d) 2020 CNMC Copper Supply Framework Agreement

Parties

- (1) The Company
- (2) CNMC

Nature

Pursuant to the 2020 CNMC Copper Supply Framework Agreement, the Company agreed to sell, or procure its subsidiaries to sell, copper products including blister copper and copper cathodes to the CNMC Group.

The quantity of each type of copper products to be sold to the CNMC Group is not fixed under the terms of the 2020 CNMC Copper Supply Framework Agreement but is to be determined and agreed between the relevant parties from time to time. Either party may terminate any specific agreement entered into pursuant to the 2020 CNMC Copper Supply Framework Agreement (but excluding the 2020 CNMC Copper Supply Framework Agreement) 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 the CNMC Group during the term of this agreement.

Pricing basis

The consideration for sale of the copper products 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 2020 CNMC 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 selling price charged by other renowned mining companies at the place of sale or receiving market, and a recognized 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 has 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.

Historical transaction amounts

The table below sets forth the historical transaction amounts of the transactions under the 2017 CNMC Copper Supply Framework Agreement for the two years ended 31 December 2019, the six months ended 30 June 2020 and the annual cap for the year ending 31 December 2020:

For the year ended 31 December 2018	For the year ended 31 December 2019	For the six months ended 30 June 2020 (unaudited)	Annual cap for the year ending 31 December 2020
<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>
878,246,000	915,961,000	524,061,000	3,198,000,000

So far as the Directors are aware, the annual cap for the year ending 31 December 2020 has not been exceeded as at the date of this announcement.

Currently, the copper products are charged in accordance with the monthly moving average price or the monthly average settlement price of copper quoted on the London Metal Exchange.

The table below sets forth the historical production volume of copper cathodes and blister copper of the Group and the actual sales volume to the CNMC Group:

	For the year ended 31 December 2018	For the year ended 31 December 2019	For the six months ended 30 June 2020 (unaudited)
Production volume of copper cathodes	96,870 tonnes	104,404 tonnes	54,381 tonnes
Production volume of blister copper and copper anodes	220,479 tonnes	234,837 tonnes	111,833 tonnes
Total sales volume	319,225 tonnes	339,443 tonnes	175,085 tonnes
Sales volume to CNMC Group	149,030 tonnes	166,531 tonnes	102,773 tonnes
Percentage of sales	47%	49%	59%

Proposed annual caps and basis of determination

The proposed annual caps for the on-going transactions contemplated under the 2020 CNMC Copper Supply Framework Agreement for the three years ending 31 December 2023 and the basis of determination of such annual caps are set out as follows:

For the year ending 31 December 2021 (US\$)	For the year ending 31 December 2022 (US\$)	For the year ending 31 December 2023 (US\$)
1,904,400,000	2,179,700,000	2,210,400,000

The above proposed annual caps were determined by reference to factors including, among which (i) historical transaction amounts and volumes; (ii) the Group's estimated copper production capacity and volume; (iii) estimated growth in the demand for copper products by the CNMC Group from the Group; and (iv) reasonable expected price range for the copper products provided by the Group for the three years ending 31 December 2023.

The Company has taken into consideration the increase in the Group's production output brought about by its development and expansion projects. The Group expects its production volume for copper cathodes to reach approximately 123kt, 148kt and 148kt in the three years ending 31 December 2023, respectively, and the production volume for blister copper and copper anodes to reach approximately 370kt, 402kt and 403kt in the three years ending 31 December 2023, respectively. In view of the shortage of copper supply in the PRC and the expected orders from the CNMC Group, the Group expects to sell approximately 86kt, 102kt and 102kt of copper cathodes and approximately 190kt, 205kt and 205kt of blister copper and copper anodes to the CNMC Group for the three years ending 31 December 2023, respectively.

In aggregate, for the three years ending 31 December 2023, the Group expects to sell approximately 276kt, 307kt and 307kt of such copper products to the CNMC Group, respectively. The percentage of the sales volume of copper products to the CNMC Group for each of the three years ending 31 December 2023 is expected to be 56%, 56% and 56%, respectively.

The above annual caps are determined on the basis that the forecasted copper price will be around US\$6,900 per tonne in 2021, US\$7,100 per tonne in 2022 and US\$7,200 per tonne in 2023. The increase in annual caps for the sales of copper to the CNMC Group is broadly commensurate with the increase in production volume of the Group following the completion of certain of the Group's expansion projects and investment in the future.

In view of the shortage of copper supply in the PRC, the CNMC Group has been increasing its orders for the Group's products as the Group increased its production volume over the years. Due to the Group's affiliation with the CNMC Group, the CNMC Group is more willing to, at the Group's request, make advance payments which allows the Group to better manage its working capital. The advance payment made by the CNMC Group thus allows the Group to save on the interest on bank loans which the Group may otherwise have to pay. Further, due to the nature of commodity transactions, the settlement amount is usually relatively high. Consequently, settlement risk is an important consideration. While the independent customers of the Group are carefully selected and based on a number of factors including their creditworthiness, the Company believes that the risk of default by the CNMC Group is even lesser as CNMC is a state-owned enterprise in the PRC.

Even though the CNMC Group has been the largest customer of the Group, there are other major customers of the Group who are Independent Third Parties. The Group believes that each of the independent major customers, or a combination of a few of them, has the capacity to purchase at least a very significant portion of the Group's copper output as they are international trading companies and there have been instances in the past when the Group had to turn down part of their orders due to their demand being greater than the Group's supply capacity. Nevertheless, to minimize customer concentration risk, the Group has diversified its sales to a number of independent major customers as well as sales to customers in Luxemburg, Zambia, the DRC, Switzerland and Singapore. In addition, the Group maintains close commercial relationships with various copper refiners in the PRC, which are customers for blister copper, and downstream copper processing plants, which are customers of copper cathodes. The Company believes that it will be able to sell its products directly to these refiners and copper processing plants upon needs.

Payment terms

The payment terms will be agreed and detailed in the specific agreements.

In relation to sale of copper products to the CNMC Group, the payment terms are determined on a Free Carrier (FCA) basis (that is, the Group is required to deliver the copper products to the carrier at the Group's plants and the transportation cost and risks are transferred to the CNMC Group after delivery to the carrier). The CNMC Group will make advance payment for a portion of copper products and the remaining balance will be paid by wire transfer. The Directors are of the view that such payment terms are in line with market practice and the payment terms with the Company's Independent Third Party customers.

Reasons for and benefit of entering into the 2020 CNMC Copper Supply Framework Agreement

The Group has been selling copper products to the CNMC Group and will continue to supply such products to the CNMC Group for its business needs. The Directors consider that the 2020 CNMC Copper Supply Framework Agreement is consistent with the business and commercial objectives of the Group as the sales of copper products to CNMC Group can further enhance the business opportunities of the Group, broaden the revenue base of the Group and increase the capacity utilization level of the Group.

As CNMC has business developments in the PRC, Zambia, the DRC and other countries, the Group's business dealings with the CNMC Group will help the Group gather business information in those countries, expand its business reach and channels, thus enhancing the business opportunities of the Group.

Listing Rules Implications

As CNMC indirectly owns an aggregate of 74.52% of the issued share capital of the Company, therefore CNMC is a connected person of the Company according to the Listing Rules. Accordingly, the transactions contemplated under the 2020 CNMC Copper Supply Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules. As one or more of the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the 2020 CNMC Copper Supply Framework Agreement exceed 5%, such transactions and the proposed annual caps for such transactions for each of the three years ending 31 December 2023 are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

e) 2020 Mutual Supply Framework Agreement

Parties

- (1) The Company
- (2) CNMC

Nature

Pursuant to the 2020 Mutual Supply Framework Agreement,

- (a) both parties agreed to provide, or procure their respective subsidiaries to provide the following to each other:
 - raw material and products supplies, such as raw materials, construction materials, ancillary materials, spare parts, tools, equipment, fuels, water, electricity, gas and steam, and lease of equipment and vehicles;
 - social and support services, such as public security, employee training, sharing of service, other non-business services, schooling, medical and emergency service, telecommunication, property management and other similar services; and
 - technical services, such as consultation, design, construction, technical and engineering services, testing and equipment repair, construction and engineering projects supervision; and
- (b) CNMC agreed to provide, or procure its subsidiaries to provide transportation and logistics services to the Group.

Pursuant to the 2020 Mutual Supply Framework Agreement, CNMC has undertaken that it will not, and will procure its subsidiaries not to, provide raw materials, products and services to the Group on terms which are less favourable than those offered to third parties. Each party is entitled to obtain the relevant raw materials, products and services from Independent Third Parties if the other party cannot satisfy its requirements for such raw materials, products and services or the terms offered by Independent Third Parties are more favourable. Each party will provide to the other party on an annual basis an assessment of the raw materials, products and services that it requires in the coming year.

Either party may terminate any specific agreement entered into pursuant to the 2020 Mutual Supply Framework Agreement (but excluding the 2020 Mutual Supply Framework Agreement) by giving the other party no less than one month's prior written notice, provided that if the Company cannot conveniently obtain

such raw materials, products and services from a third party, CNMC will not be permitted to terminate and will continue to provide such raw materials, products and services under any circumstances.

Pricing basis

For the sales and purchase of “raw materials and product supplies”, the price shall be determined according to the market price of the raw materials and products being delivered. If such market price is unavailable, the amount payable will be determined with reference to actual costs plus applicable taxes.

For the provision of “social and support services”, the price shall be determined either by reference to the price set by similar service providers in the market, or the price agreed between one party and an Independent Third Party for similar services. If such market price is unavailable, the amount payable will be determined with reference to actual costs plus applicable taxes.

For the provision of “technical services”, if there are PRC government prescribed prices, the amount payable will be determined with reference to the published PRC government prescribed prices which are updated by the relevant PRC central or provincial government departments from time to time. If there are no PRC government prescribed prices or when the PRC government prescribed prices is not reflective of the market price at the place of service, the amount will be determined by reference to the price agreed between one party and an Independent Third Party for similar services. In the event a market price is unavailable for similar services, nor were there any transaction price between Independent Third Parties, the amount payable will be determined with reference to actual costs plus applicable taxes. The Ministry of Finance and the Ministry of Land and Resources have jointly published a publication called the Standards for Budget of National Land Resources Survey (國土資源調查預算標準) in July 2007, which includes the Notice of Standards for Budget of National Land Resources Survey (the Section of National Land Resources Survey (Cai Jian No. 52 of 2007) (國土資源調查預算標準(地質調查部分)的通知(財建[2007]52號)) (the “**Notice**”). Pursuant to Notice, the reference price (that is, standard of budget) for the technical services in relation to geological exploration, including design, construction, analysis and detection, reporting and other labor and equipment costs is stated. Such standard of budget consists of three parts, namely (a) budget for working methods, (b) budget for comprehensive research and scientific research and (c) regional adjustment coefficient, which are interpreted by the Ministry of Finance and Ministry of Land and Resources. The Notice published in 2007 is the latest applicable standards, which may be revised in the future in accordance with the application of new methods, new techniques and other relevant circumstances. The Company has followed the Notice for its projects.

For the provision of “transportation and logistics services”, it shall be determined either by reference to the price charged by similar service providers in the local market, or the price agreed between a party and Independent Third Party for similar services. If such market price is unavailable, the amount payable will be determined with reference to actual costs plus applicable taxes.

The market price for the abovementioned goods and services is determined by reference to the price at which the same or similar type of raw materials, products and services provided in the same or nearby area is charged by Independent Third Parties in the ordinary course of business at the relevant time; or failing which, the price at which the same or similar type of raw materials, products and services is charged by Independent Third Parties in the ordinary course of business at the relevant time.

Before a specific agreement is entered into, the procurement and sales departments of the Group will make public enquiry with similar good and/or service providers in the market, which are Independent Third Parties, as to the price or fees of the products and services and determine the pricing terms based on the quotations obtained. The procurement and sales departments will generally obtain around two to three quotations from different Independent Third Party goods and/or service providers. The finance and legal departments will review the terms of the specific agreements, focusing on the pricing and payment terms.

The pricing basis of actual costs plus applicable taxes will not include any profit margin. The Directors consider that this pricing basis is beneficial to the Company because the transaction volume for the procurement of raw materials, products and services from the CNMC Group substantially outweighs the transaction volume for the supply of raw materials, products and services to the CNMC Group. The Group will therefore be benefited from this pricing arrangement. In addition, the Group anticipates that substantially all of the supply of raw materials, products and services to the CNMC Group in the future will be charged in accordance with market price with only a few services to be charged on the actual costs plus applicable taxes, therefore on the whole, the transactions will be conducted on no less favourable terms than those available to the Group from Independent Third Parties. To the extent that they are available, the Group will check all the invoices provided by the CNMC Group to ensure that the Group is charged with actual costs plus applicable tax in the event that this pricing basis is adopted. The CNMC Group has given consent to provide all those invoices to the Group for inspection.

Based on the above, the Directors consider that the transactions will be conducted on normal commercial terms and not prejudicial to the interest of the Company and its Shareholders.

Historical transaction amounts

The tables below set forth the historical transaction amounts of the transactions under the 2017 Mutual Supply Framework Agreement for the two years ended 31 December 2019, the six months ended 30 June 2020 and the annual caps for the year ending 31 December 2020:

Procurement of raw materials, products and services from the CNMC Group

For the year ended 31 December 2018	For the year ended 31 December 2019	For the six months ended 30 June 2020 (unaudited)	Annual cap for the year ending 31 December 2020
<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>
346,995,000	321,378,000	79,547,394	491,913,000

Supply of raw materials, products and services to the CNMC Group

For the year ended 31 December 2018	For the year ended 31 December 2019	For the six months ended 30 June 2020 (unaudited)	Annual cap for the year ending 31 December 2020
<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>
15,912,000	35,305,000	25,805,148	775,947,000

There was an increase in the supply of raw materials, products and services to the CNMC Group in 2019 because of the increase in procurement of raw materials and services due to the project renovation and expansion conducted by Huachin Leach and CNMC Huachin Mabende.

So far as the Directors are aware, the respective annual caps for the year ending 31 December 2020 have not been exceeded as at the date of this announcement.

Currently, the procurement of raw materials, products and services from the CNMC Group as well as the supply of raw materials, products and services to the CNMC Group are charged in accordance with market price. Such market price is determined by reference to the price at which the same or similar type of raw materials, products and services provided in the same or nearby area is charged by Independent Third Parties in the ordinary course of business at the relevant time, or failing which, the price at which the same or similar type of raw materials, products and services is charged by Independent Third Parties in the ordinary course of business at the relevant time.

Proposed annual caps and basis of determination

The proposed annual caps for the on-going transactions contemplated under the 2020 Mutual Supply Framework Agreement for the three years ending 31 December 2023 and the basis of determination of such annual caps are set out as follows:

Procurement of raw materials, products and services from the CNMC Group

For the year ending 31 December 2021 (US\$)	For the year ending 31 December 2022 (US\$)	For the year ending 31 December 2023 (US\$)
357,921,851	420,847,952	413,906,538

The above proposed annual caps were determined by reference to factors such as (i) historical transaction values and volume; (ii) estimated demand for raw materials, products and services by the Group from the CNMC Group; and (iii) reasonable expected price range for the raw materials, products and services provided by the CNMC Group for the three years ending 31 December 2023.

In particular, the Group has considered its various development and expansion projects for which it plans to procure raw materials, products and services from the CNMC Group. In this regard, the Group has taken into consideration factors such as progress, nature, products and services as well as types of service providers required for each project.

The increase in the annual caps for the year ending 31 December 2022 and the year ending 31 December 2023, as compared to the annual cap for the year ending 31 December 2021, is mainly due to the fact that NFCA plans to construct a cobalt recovery project in 2022 and Kambove Mining plans to commence commercial production of the project in 2021; therefore the Group expects to procure a majority of equipment, raw materials and services from the CNMC Group.

Supply of raw materials, products and services to the CNMC Group

For the year ending 31 December 2021 (US\$)	For the year ending 31 December 2022 (US\$)	For the year ending 31 December 2023 (US\$)
122,957,000	165,521,800	233,285,000

The above proposed annual caps were determined by reference to factors such as (i) historical transaction values and volume; (ii) estimated growth in the demand for raw materials, products and services by the CNMC Group from the Group; and (iii) reasonable expected price range for the raw materials, products and services provided by the Group for the three years ending 31 December 2023.

There is a significant decrease in the annual cap for the year ending 31 December 2021 as compared to the annual cap for the year ending 31 December 2020, which is due to the drop of the price of cobalt metal, the Group's by-product, and the Group's proposed reduction of the sales of cobalt metal, the by-product, to the CNMC Group.

Payment terms

The payment terms will be agreed and detailed in the specific agreements.

In relation to procurement of raw materials and products from the CNMC Group, the payment terms are determined on a Cost, Insurance and Freight (CIF) basis and payment will be settled by wire transfer upon delivery.

In relation to supply of raw materials and products to the CNMC Group, as supply will be made within Zambia or the DRC so that there will not be any cross-border transaction, payment will be settled upon delivery.

In relation to mutual supply of services, payment will be made in accordance with the service progress.

The Directors are of the view that such payment terms are in line with market practice and the payment terms with the Company's Independent Third Party customers.

Reasons for and benefit of entering into the 2020 Mutual Supply Framework Agreement

The Group has been procuring raw materials, products and services from the CNMC Group and will continue to acquire such raw materials, products and services from the CNMC Group for the business development of the Group. The Directors consider that 2020 Mutual Supply Framework Agreement is consistent with the business and commercial objectives of the Group as the raw materials and products supplied are in close proximity to the production facilities of the Group, leading to a reduction of the Group's production costs and further enhancement of the profitability of the Group's operations. The services provided by the CNMC Group can also supplement the Group's operation capacity and a better manpower arrangement of the Group can be maintained.

The Group has been supplying raw materials, products and services to the CNMC Group and will continue to supply such raw materials, products and services to the CNMC Group for its business needs. The Directors consider that this is consistent with the business and commercial objectives of the Group as the supply of raw materials, products and services to CNMC Group can further enhance the business opportunities of the Group, broaden the revenue base of the Group and increase the capacity utilization level of the Group.

As CNMC has business developments in the PRC, Zambia, the DRC and other countries, the Group's business dealings with the CNMC Group will help the Group gather business information in those countries, expand its business reach and channels, thus enhancing the business opportunities of the Group.

Listing Rules Implications

As CNMC indirectly owns an aggregate of 74.52% of the issued share capital of the Company, CNMC is a connected person of the Company under the Listing Rules. Accordingly, the transactions contemplated under the 2020 Mutual Supply Framework Agreement constitute continuing connected transactions for the Company under the Listing Rules. As one or more of the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the 2020 Mutual Supply Framework Agreement exceed 5%, such transactions and the proposed annual caps for such transactions for each of the three years ending 31 December 2023 are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

f) 2020 Huachin Copper Supply Framework Agreement

Parties

- (1) The Company
- (2) Huachin

Nature

Pursuant to the 2020 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 2020 Huachin Copper Supply Framework Agreement but is to be determined and agreed between the relevant parties from time to time. Either party may terminate any specific agreement entered into pursuant to the 2020 Huachin Copper Supply Framework Agreement (but excluding the 2020 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 of the agreement.

Pricing basis

The consideration of the copper products to be sold under the 2020 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 2020 Huachin Copper Supply Framework Agreement. Such prevailing 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 with 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 has 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.

Historical transaction amounts

In relation to the transactions under 2020 Huachin Copper Supply Framework Agreement, the historical transaction amount (unaudited) of between the Group and Huachin Group was US\$5,174,885 for the six months ended 30 June 2020. Besides, the Group has no other historical transaction with Huachin Group.

So far as the Directors are aware, the annual cap for the year ending 31 December 2020 has not been exceeded as at the date of this announcement.

Currently, the copper products are charged in accordance with the monthly moving average price or the monthly average settlement price of copper quoted on the London Metal Exchange.

Proposed annual caps and basis of determination

The proposed annual caps for the on-going transactions contemplated under the 2020 Huachin Copper Supply Framework Agreement for the three years ending 31 December 2023 and the basis of determination of such annual caps are set out as follows:

For the year ending 31 December 2021 (US\$)	For the year ending 31 December 2022 (US\$)	For the year ending 31 December 2023 (US\$)
103,500,000	106,500,000	108,000,000

The above caps were determined by reference to various factors such as (i) the Group's estimated copper production capacity and volume for the year ending 31 December 2023; (ii) the Group expects to sell approximately 15kt, 15kt and 15kt of copper products to Huachin Group for the three years ending 31 December 2023, respectively. The percentage of the sales volume of copper products to Huachin Group for each of the three years ending 31 December 2023 is expected to be 4%. The above annual caps are determined on the basis that the forecasted copper price will be around US\$6,900 per tonne in 2021, US\$7,100 per tonne in 2022 and US\$7,200 per tonne in 2023.

Payment terms

The payment terms will be agreed and detailed in the specific agreements.

Reasons for and benefit of entering into the 2020 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 conducive to the expansion of business lines of the Company in the DRC market, extending customers' choices and improving the stability of product sales of the Company under special circumstances. Therefore, the Directors believe that the entering into of the 2020 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

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 2020 Huachin Copper Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the Proposed Caps in respect of the transactions contemplated under the 2020 Huachin Copper Supply Framework Agreement exceed 5%, such transactions and the Proposed Caps 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 2020 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, 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 2020 Framework Agreements have been negotiated and agreed on an arm's length basis by and among the Company, CNMC, Mabende Mining, Yunnan Copper Group and Huachin. The Directors (for the purpose of the 2020 Properties Leasing Framework Agreement, 2020 Mabende Ore Supply Framework Agreement, 2020 Yunnan Copper Supply Framework Agreement and 2020 Huachin Copper Supply Framework Agreement, including the independent non-executive Directors; and for the purpose of the Non-exempt Continuing Connected Transactions, excluding the independent non-executive Directors), are of the view that the 2020 Framework Agreements are entered into in the ordinary and usual course of business, on normal commercial terms and that the terms of the 2020 Framework Agreements and their respective proposed annual caps for such transactions for each of the three years ending 31 December 2023 are fair and reasonable and in the interest of the Group and the Shareholders as a whole.

Mr. Jinjun ZHANG (executive Director) and Mr. Xiaowei WANG (executive Director) are senior executives of CNMC, and have abstained from voting on the relevant resolutions approving the 2020 Properties Leasing Framework Agreement, the Non-exempt Continuing Connected Transactions and the transactions contemplated thereunder pursuant to the articles of association of the Company and the Listing Rules. Save as disclosed above, none of the Directors has a material interest in the transactions under the 2020 Framework Agreements or is required to abstain from voting on the relevant resolutions of the Board.

APPROVAL BY INDEPENDENT SHAREHOLDERS

As CNMC indirectly owns an aggregate of 74.52% of the issued share capital of the Company through CNMD, CNMD and its associates will abstain from voting on the resolutions approving the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps) at the EGM.

The Company will seek the Independent Shareholders' approval at the EGM for the Non-exempt Continuing Connected Transactions and the relevant Proposed Caps on the condition that:

1. the annual amount of each category of the Non-exempt Continuing Connected Transactions shall not exceed the relevant Proposed Caps;
2. (i) the Non-exempt Continuing Connected Transactions will be entered into in the ordinary and usual course of business of the Group and either (a) on normal commercial terms or better; or (b) if there is no available comparison, on terms no less favourable than terms available to the Group from Independent Third Parties; and

- (ii) the Non-exempt Continuing Connected Transactions will be entered into in accordance with the 2020 Framework Agreements and on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company will comply with relevant provisions of the Listing Rules in relation to each of the Non-exempt Continuing Connected Transactions.

An Independent Board Committee has been formed to advise the Independent Shareholders in connected with the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps), and Rainbow Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

A circular containing, amongst other things, further information on the terms of the Non-exempt Continuing Connected Transactions, a letter from the Independent Board Committee, an opinion of Rainbow Capital, the Independent Financial Advisor, together with a notice to convene the EGM to approve, among others, the Non-exempt Continuing Connected Transactions (including the relevant Proposed Caps), is expected to be issued to the Shareholders on or before 20 November 2020. If there is expected to be a delay in dispatch of the circular, a further announcement will be published in accordance with the Listing Rules stating the reason for the delay and the new expected date of dispatch of the circular. An announcement on the results of the EGM will be made in accordance with the Listing Rules.

GENERAL

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

CNMC is administered by the State Assets Supervision and Administration Commission of the State Council of the PRC and is principally engaged in the development of nonferrous metal resources, construction and engineering, as well as related trade and services.

Mabende Mining is principally engaged in mining, processing and sale of copper ore.

Yunnan Copper Group is principally engaged in the production and sale of copper concentrates and other nonferrous metal products.

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 final 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

“2017 CNMC Copper Supply Framework Agreement”	the framework agreement dated 18 April 2017 between the Company and CNMC in relation to the sale of copper products to the CNMC Group
“2017 Framework Agreements”	collectively, the 2017 Properties Leasing Framework Agreement, the 2017 Huachin Ore Supply Framework Agreement, the 2017 Yunnan Copper Supply Framework Agreement, the 2017 CNMC Copper Supply Framework Agreement and the 2017 Mutual Supply Framework Agreement
“2017 Huachin Ore Supply Framework Agreement”	the framework agreement dated 18 April 2017 between the Company and Mabende Mining in relation to the purchase of copper ores mined by Mabende Mining
“2017 Mutual Supply Framework Agreement”	the framework agreement dated 18 April 2017 between the Company and CNMC in relation to the mutual provision of raw materials, products and services
“2017 Properties Leasing Framework Agreement”	the framework agreement dated 18 April 2017 between the Company and CNMC in relation to the leasing of buildings and properties to the Group
“2017 Yunnan Copper Supply Framework Agreement”	the framework agreement dated 18 April 2017 between the Company and Yunnan Copper Group in relation to the sale of copper products to Yunnan Copper Group and its subsidiaries
“2020 CNMC Copper Supply Framework Agreement”	the framework agreement dated 30 October 2020 between the Company and CNMC in relation to the sale of copper products to the CNMC Group

“2020 Framework Agreements”	collectively, the 2020 Properties Leasing Framework Agreement, the 2020 Mabende Ore Supply Framework Agreement, the 2020 Yunnan Copper Supply Framework Agreement, the 2020 CNMC Copper Supply Framework Agreement, the 2020 Mutual Supply Framework Agreement and the 2020 Huachin Copper Supply Framework Agreement
“2020 Huachin Copper Supply Framework Agreement”	the framework agreement dated 30 October 2020 between the Company of and Huachin in relation to the sale and purchase of the copper products
“2020 Mabende Ore Supply Framework Agreement”	the framework agreement dated 30 October 2020 between the Company and Mabende Mining in relation to the purchase of copper ores mined by Mabende Mining
“2020 Mutual Supply Framework Agreement”	the framework agreement dated 30 October 2020 between the Company and CNMC in relation to the mutual provision of raw materials, products and services
“2020 Properties Leasing Framework Agreement”	the framework agreement dated 30 October 2020 between the Company and CNMC in relation to the leasing of buildings and properties to the Group
“2020 Yunnan Copper Supply Framework Agreement”	the framework agreement dated 30 October 2020 between the Company and Yunnan Copper Group in relation to the sale of copper products to Yunnan Copper Group and its subsidiaries
“associate(s)”	has the meaning ascribed thereto under the Listing Rules
“Bloomberg”	website www.bloomberg.com
“Board”	the board of Directors
“CCS”	Chambishi Copper Smelter Limited (謙比希銅冶煉有限公司*), a company incorporated under the laws of Zambia and a subsidiary of the Company
“CNMC”	China Nonferrous Metal Mining (Group) Co., Ltd* (中國有色礦業集團有限公司), a state-owned enterprise established under the laws of the PRC and a controlling shareholder of the Company

“CNMC Group”	CNMC and its subsidiaries, excluding, for the purpose of this announcement, the Group
“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
“CNMD”	China Nonferrous Mining Development Limited (中色礦業發展有限公司*), a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of CNMC and a controlling shareholder 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
“Director(s)”	director(s) of the Company
“DRC”	the Democratic Republic of Congo
“EGM”	the extraordinary general meeting of the Company to be held to approve, among other things, the Non-exempt Continuing Connection Transactions (including the relevant Proposed Caps), or any adjournment thereof
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“Huachin”	Huachin International Trading Limited (國際華鑫貿易有限公司), a company incorporated in Hong Kong with limited liability
“Huachin Copper Supply Framework Agreement”	the framework agreement dated 13 October 2020 between the Company and Huachin in relation to the sale and purchase of the copper products
“Huachin Group”	Huachin 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 established under the law of the DRC and a subsidiary of the Company
“Huachin SARL”	Huachin SARL (華鑫有限責任公司*), a company incorporated under the laws of the DRC
“Independent Board Committee”	an independent committee of the Board comprising Mr. Chuanyao SUN, Mr. Jingwei LIU and Mr. Huanfei GUAN
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a licensed corporation to carry out type 6 (advising on corporate finance) regulated activities as set out under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), and the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Non-exempt Continuing Connected Transactions
“Independent Shareholders”	Shareholders other than CNMD and its associates
“Independent Third Party(ies)”	party(ies) not connected with any of the Directors, chief executive or substantial shareholders of the Company or any of its subsidiaries or any of their respective associates
“kt”	kilo tonnes
“Leased Properties”	the building and properties in Zambia and the PRC leased or to be leased to the Group pursuant to the 2020 Properties Leasing Framework Agreement
“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
“Mabende Mining”	Mabende Mining SARL (馬本德礦業有限公司*), a company incorporated under the laws of the DRC
“Non-exempt Continuing Connected Transactions”	the transactions contemplated under the 2020 CNMC Copper Supply Framework Agreement and the 2020 Mutual Supply Framework Agreement as set out in this announcement
“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
“Octagon Commodities”	Octagon Commodities SA, a Société Anonyme (equivalent to a public company limited by shares) incorporated in Swiss Confederation
“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
“Proposed Cap(s)”	the proposed maximum annual aggregate value for each of the Non-exempt Continuing Connected Transactions of the Company in respect of 2021 to 2023 as set out in this announcement
“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
“substantial shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“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
“Yunnan Copper Group”	Yunnan Copper Industry (Group) Co., Ltd.* (雲南銅業(集團)有限公司), a company incorporated under the laws of the PRC, which holds 40% of the issued share capital of CCS
“Zambia”	the Republic of Zambia
“%”	per cent

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

Beijing, 30 October 2020

As at the date of this announcement, the Board comprises Mr. Jinjun ZHANG, Mr. Xiaowei WANG and Mr. Chunlai WANG as executive Directors; 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*