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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)

**PAST CONNECTED TRANSACTIONS  
ENTERING INTO PURCHASE  
CONTRACTS OF COPPER CONCENTRATES AND  
COPPER OXIDES CONCENTRATES**

**PAST CONNECTED TRANSACTIONS**

It has come to the attention of the Board that two individual contracts of purchase of copper concentrates and copper oxides concentrates were entered into by CCS with Huachin in April and May 2020, and given that Huachin is a connected person of the Company at the subsidiary level, such transactions constituted connected transactions of the Company under Chapter 14A of the Listing Rules.

**THE HUACHIN COPPER CONCENTRATES CONTRACT**

Pursuant to the Huachin Copper Concentrates Contract, CCS agreed to purchase, and Huachin agreed to sell, copper concentrates produced at Commus Copper Mine, Kolwezi, DRC.

**THE HUACHIN COPPER OXIDES CONCENTRATES CONTRACT**

Pursuant to the Huachin Copper Oxides Concentrates Contract, CCS agreed to purchase, and Huachin agreed to sell, copper oxides concentrates produced at MPC Copper Mine in Kolwezi, DRC.

## **LISTING RULES IMPLICATIONS**

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 Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Transactions, on an aggregated basis, exceeded 1% but was below 5%, the Transactions were subject to the reporting, annual review and announcement requirements but were exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, due to an inadvertent oversight, the Company did not duly fulfil the reporting and announcement requirements in respect of the Transactions under Chapter 14A of the Listing Rules.

## **REMEDIAL MEASURES**

The Company deeply regrets its non-compliance with the relevant connected transaction requirements under Chapter 14A of the Listing Rules and would like to stress that such non-compliance was inadvertent.

The Company will take further remedial measures to tighten its internal control procedure with a view to ensuring timely compliance with the Listing Rules and to prevent recurrence of similar incidents.

## **INTRODUCTION**

It has come to the attention of the Board that two individual contracts of purchase of copper concentrates and copper oxides concentrates were entered into by CCS with Huachin in April and May 2020, and given that Huachin is a connected person of the Company at the subsidiary level, such transactions constituted connected transactions of the Company under Chapter 14A of the Listing Rules.

## **PAST CONNECTED TRANSACTIONS**

### **(I) THE HUACHIN COPPER CONCENTRATES CONTRACT**

The key terms of the Huachin Copper Concentrates Contract are set forth below.

#### **Date**

3 April 2020

#### **Parties**

(i) CCS

(ii) Huachin

#### **Nature**

Pursuant to the Huachin Copper Concentrates Contract, CCS agreed to purchase, and Huachin agreed to sell, copper concentrates produced at Commus Copper Mine, Kolwezi, DRC. The quantity of copper concentrates to be sold to CCS shall be 8,500 dmt +/-10% (i.e. from 7,650 dmt to 9,350 dmt), at Huachin's option. The shipment schedule shall be from 3 April 2020 to 31 December 2020.

#### **Price**

The price of the copper concentrates sold pursuant to the Huachin Copper Concentrates Contract shall be determined with reference to the metal content of the copper concentrates and the daily official settlement quotations for Grade "A" Copper of the London Metal Exchange quoted in US dollars, averaged over the second month following the month of delivery and the completion of WSMD. It was estimated that the consideration payable by CCS for the purchase thereunder would not exceed US\$19,400,000.

## **(II) HUACHIN COPPER OXIDES CONCENTRATES CONTRACT**

The key terms of the Huachin Copper Oxides Concentrates Contract are set forth below.

### **Date**

25 May 2020

### **Parties**

(i) CCS

(ii) Huachin

### **Nature**

Pursuant to the Huachin Copper Oxides Concentrates Contract, CCS agreed to purchase, and Huachin agreed to sell, copper oxides concentrates produced at MPC Copper Mine in Kolwezi, DRC. The quantity of copper oxides concentrates to be sold to CCS shall be 2,000 dmt +/-10% (i.e. from 1,800 dmt to 2,200 dmt), at Huachin's option. The shipment schedule shall be from 15 June 2020 to 31 August 2020.

### **Price**

The price of the copper oxides concentrates sold pursuant to the Huachin Copper Concentrates Contract shall be determined with reference to the metal content of the copper oxides concentrates and the London Metal Exchange price averaged over the month of delivery. It was estimated that the consideration payable by CCS for the purchase thereunder would not exceed US\$3,070,000.

## **(III) VALUE OF THE TRANSACTIONS**

Under the Huachin Copper Concentrates Contract and the Huachin Copper Oxides Concentrates Contract, CCS purchased a total of approximately 5,075 dmt copper concentrates and copper oxides concentrates from Huachin with a total value of approximately US\$16,585,946.

## **REASONS FOR AND BENEFIT OF ENTERING INTO THE HUACHIN COPPER CONCENTRATES CONTRACT AND THE HUACHIN COPPER OXIDES CONCENTRATES CONTRACT**

The Transactions were entered into by CCS with Huachin mainly for the following reasons:

- (i) In early 2020, due to the high proportion of copper concentrates in stock containing iron sulfur, which had resulted in excess heat in smelting, it became necessary for CCS, in terms of production safety and efficiency, to adjust the structure of raw materials through improving the copper content and the ratio of silicon iron, to ensure that the temperature of the smelter furnace remain within the technical control standard and to protect the refractory brick of ISA furnace from corrosion. Therefore, CCS decided to take immediate action to procure the needed copper concentrates to satisfy such raw materials blending requirement, so that the safety of production can be guaranteed and the technical and economic indicators of production can be improved.
- (ii) At that time, such copper concentrates needed by CCS were in high demand but short supply at its local markets, which was further affected by the outburst of COVID-19, making it more difficult commercially for CCS to procure the needed concentrates from those producers it transacted with in its usual course of business. Huachin, a company engaged in the trading of nonferrous metals, was able to supply such copper concentrates meeting the specific requirements of CCS on normal commercial terms.
- (iii) Taking into account the above factors, CCS considered that purchasing such raw materials provisionally from Huachin, on the terms contained in the Huachin Copper Concentrates Contract and the Huachin Copper Oxides Concentrates Contract, was conducive to the safe and efficient production and operation of CCS, which would increase copper output and potentially improve profitability of CCS, and thus in the interests of the Company and the Shareholders as a whole.

For the reasons set out above, the Board considered that the Transactions are conducive to the Group, and are in line with the business and commercial objectives of the Group.

Each of the Huachin Copper Concentrates Contract and the Huachin Copper Oxides Concentrates Contract was negotiated and entered into individually on a one-off basis taking into account the production needs of CCS and the then market supply and demand of copper concentrates and copper oxides concentrates. Currently, the Group has no annual plan of entering into new transactions of purchase of copper concentrates, copper oxides concentrates or other products from Huachin. If the Group plans to enter into such transactions with Huachin in the future, the Company will comply with all applicable requirements under the Listing Rules in respect thereof.

## **LISTING RULES IMPLICATIONS**

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 Chapter 14A of the Listing Rules. Accordingly, the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Transactions, on an aggregated basis, exceeded 1% but was below 5%, the Transactions were subject to the reporting, annual review, announcement requirements but were exempt from independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, due to an inadvertent oversight, the Company did not duly fulfil the reporting and announcement requirements in respect of the Transactions under Chapter 14A of the Listing Rules. Please refer to paragraphs headed "Remedial Measures" for a series of measures to prevent recurrence of similar events.

## **CONFIRMATION FROM THE DIRECTORS IN RELATION TO THE TRANSACTIONS**

The Company has reported in writing the matters regarding the Transactions to all Directors, and the resolution on the ratification, confirmation and approval of the Transactions has been passed by the Board.

The Directors (including the independent non-executive Directors) have reviewed the Huachin Copper Concentrates Contract and the Huachin Copper Oxides Concentrates Contract and are of the view that such contracts and the transactions contemplated thereunder are on normal commercial terms or better, 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 connected transactions contemplated under the Huachin Copper Concentrates Contract and the Huachin Copper Oxides Concentrates Contract, none of them is required to abstain from voting on the relevant resolution of the Board.

The Company has also informed all Directors in writing that hereafter, the Company will take remedial measures so as to avoid the recurrence of these similar incidents, details of which are set out in paragraphs headed "Remedial Measures" below.

## REMEDIAL MEASURES

The Company deeply regrets its non-compliance with the relevant connected transaction requirements under Chapter 14A of the Listing Rules and would like to stress that such non-compliance was inadvertent.

The current internal control measure adopted by the Company to ascertain whether a transaction is a connected transaction involves the personnel/senior management of the relevant subsidiary conducting check on the the counterparty(ies) of the proposed transaction based on available information whether such counterparty(ies) relates to the substantial shareholders, chief executives or directors of any member of the Group and reporting any potential connected transaction to the personnel/senior management of the Company in advance in order to ascertain whether there will be any implications under the Listing Rules. However, given that (i) CCS itself had not transacted with Huachin before entering into the Transactions, (ii) CCS was under the impact of the COVID-19 situation and pressing production and market conditions when trying to secure the purchase of such raw materials and (iii) the Company was not a party to the Transactions, the relevant personnel of CCS failed to properly complete the internal procedure to identify and report the connected transaction(s), which resulted in the Company's non-fulfilment of the reporting and announcement requirements under Chapter 14A of the Listing Rules which should have applied to the Transactions when they took place.

The Company will take further remedial measures to tighten its internal control procedure with a view to ensuring timely compliance with the Listing Rules and to prevent recurrence of similar incidents. These measures include, (i) relevant internal training session will be arranged for all the directors and senior management/relevant personnel of the Company and its subsidiaries to explain the relevant requirements under Chapter 14A of the Listing Rules; (ii) the business, compliance and financial management departments at the subsidiary level will be required to promptly report any proposed transaction or event where the counterparty(ies) or the subject company(ies) of the proposed transaction may in any way relate to any of the substantial shareholders, chief executives or directors of any member of the Group in order to ascertain whether there will be any connected transaction implication under Chapter 14A of the Listing Rules; (iii) each subsidiary shall designate its general counsel to oversee the review procedures of determining whether any proposed transaction constitutes connected transaction(s) of the Company; and (iv) for proposed transaction(s) which may constitute new connected transaction(s) of the Group, to consult legal advisers and the Stock Exchange (where necessary) in a timely manner prior to entering into of such transaction(s).



## GENERAL INFORMATION

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in exploration, mining, ore processing, leaching, smelting of copper and cobalt and sale of copper cathodes, blister copper, copper anodes, copper-cobalt alloy, cobalt hydroxide and sulfuric acid.

CCS is principally engaged in copper smelting operation in Zambia.

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
“Board”	the board of Directors
“CCS”	Chambishi Copper Smelter Limited (謙比希銅冶煉有限公司*), a company incorporated in the Republic of Zambia and a subsidiary of the Company
“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
“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
“Director(s)”	director(s) of the Company
“dmt”	dry metric tonne



“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 Concentrates Contract”	the purchase and sale contract dated 3 April 2020 between CCS and Huachin in relation to the purchase and sales of copper concentrates
“Huachin Copper Oxides Concentrates Contract”	the purchase and sale contract dated 25 May 2020 between CCS and Huachin in relation to the purchases and sales of copper oxides concentrates
“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
“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
“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
“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

“Transactions”	collectively, the transactions contemplated under the Huachin Copper Concentrates Contract and the Huachin Copper Oxides Concentrates Contract
“US\$” or “US dollar(s)”	United States dollars, the current lawful currency of the United States of America
“WSMD”	weighting sampling and moisture determination
“%”	per cent

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

Beijing, 30 March 2021

*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*