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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)

CONNECTED TRANSACTION
ACQUISITION OF TARGET ASSETS

ACQUISITION AGREEMENT

The Board hereby announces that, on 1 June 2022, SML, a subsidiary of the Company, entered into the Acquisition Agreement with ZCETCZ. Pursuant to the Acquisition Agreement, SML agreed to purchase and ZCETCZ agreed to dispose of the Target Assets at a consideration of US\$2,240,900.

LISTING RULES IMPLICATIONS

SML is a subsidiary of the Company. As CNMC is the controlling shareholder of the Company and holds 95% equity interests in ZCETCZ, ZCETCZ is a connected person of the Company under the Listing Rules, and the acquisition of the Target Assets constitutes a connected transaction of the Company.

As one or more of the applicable percentage ratio(s) in respect of the Acquisition Agreement exceed 0.1% but are less than 5%, the acquisition is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

INTRODUCTION

The Board hereby announces that, on 1 June 2022, SML, a subsidiary of the Company, entered into the Acquisition Agreement with ZCETCZ. Pursuant to the Acquisition Agreement, SML agreed to purchase and ZCETCZ agreed to dispose of the Target Assets at a consideration of US\$2,240,900.

ACQUISITION AGREEMENT

The key terms of the Acquisition Agreement are set out as follows:

Date

1 June 2022

Parties

- (i) Transferee: SML
- (ii) Transferor: ZCETCZ

Subject Matter

Pursuant to the Acquisition Agreement, the Target Assets to be purchased by SML from ZCETCZ include:

- (i) a parcel of land located in Garneton, Zambia with an aggregate area of 35,332 sq.m. (the “**Land**”);
- (ii) the buildings on the Land with a total site area of 5,022 sq.m. (including three two-storey apartments built with bricks and concrete, a generator house and building ancillaries such as parking lot) (the “**Buildings**”); and
- (iii) existing living facilities affiliated to the Buildings (including electricity supply facilities, fire control facilities and basic living facilities as basic furniture and appliances) (the “**Living Facilities**”).

Consideration

Pursuant to the Acquisition Agreement, SML shall pay a total consideration of US\$2,240,900 to ZCETCZ for the acquisition of the Target Assets. The consideration was arrived at after arm's length negotiation between the parties with reference to the valuation report on the Target Assets issued by an independent valuer in Zambia (market approach was adopted in valuating the Land and Buildings, and asset-based approach was adopted in valuating the Living Facilities, with 27 December 2021 as the benchmark date of the valuation). The Target Assets were valued at US\$2,240,900 (including the Land amounting to approximately US\$205,500, Buildings amounting to approximately US\$1,976,040 and Living Facilities amounting to approximately US\$59,360).

Conditions Precedent

The completion of the acquisition of the Target Assets is subject to the completion of internal approval and reporting by SML and ZCETCZ, respectively. The conditions precedent could not be waived by any party to the Acquisition Agreement. As at the date of this announcement, such conditions precedent have been fulfilled.

Payment and Completion

The consideration under the Acquisition Agreement shall be paid in cash in two instalments as follows:

- (i) 20% (i.e. US\$448,180) of the total consideration shall be paid by SML to ZCETCZ within fifteen (15) working days after SML and ZCETCZ entering into the Acquisition Agreement, and ZCETCZ shall cooperate with SML to complete the transfer procedures of the ownership of the Buildings and the Land in accordance with the laws and regulations in Zambia after this instalment; and
- (ii) SML shall pay the remaining 80% (i.e. US\$1,792,720) of the consideration within fifteen (15) working days following the completion of the above-mentioned transfer procedures and the obtaining of the original ownership certificates of the aforesaid subject matter by SML.

REASONS FOR AND BENEFITS OF ENTERING INTO THE ACQUISITION AGREEMENT

The current living quarters for Chinese employees of SML are buildings and land leased from NFCA. So far, the structure and facilities of the buildings in the living quarters have shown a sign of aging, and there was a growing shortage of dormitories with the increase in the number of employees of SML. Considering the current living quarters are incompatible for an effective expansion of dormitory capacity, after on-site inspection, financial evaluation and negotiation with ZCETCZ, SML decided to acquire the Target Assets which will be used as employees' living quarters, to meet the accommodation demands of the employees and improve their living conditions, thereby ensuring the overall production and operation order and meeting the needs of the Group's business development.

The Directors (including the independent non-executive Directors) are of the view that the terms of the transaction under the Acquisition Agreement are on normal commercial terms and fair and reasonable, and are in the interests of the Company and the Shareholders as a whole.

Mr. Jinjun ZHANG (an executive Director) and Mr. Yaoyu TAN (a non-executive Director) hold positions in CNMC and have abstained from voting on the Board resolution of the acquisition of the Target Assets 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 acquisition under the Acquisition Agreement or is required to abstain from voting on the relevant resolution of the Board.

INFORMATION ABOUT THE TARGET ASSETS

The Land is located in Garneton, Zambia with an aggregate area of 35,332 sq.m. and a term of use for 99 years (from 1 March 2006 to 1 March 2105).

The total site area of the Buildings is approximately 5,022 sq.m., of which the area of the three two-storey apartments is 1,786 sq.m., the area of the generator house is 22 sq.m., and the area of parking lot and the outdoor ground hardened by cement and concrete is approximately 887 sq.m.. Built in 2014, the three two-storey apartments are equipped with basic furniture and appliances, together with other basic facilities as electricity supply facilities (e.g., a set of power generator) and fire control facilities (e.g., fire extinguishers).

During the two years ended 31 December 2021, the Target Assets were left idle with no income and profit recorded. As at 31 December 2021, the book value of the total assets of the Target Assets was approximately US\$2,164,913. The original cost for the acquisition of the Target Assets by ZCETCZ was approximately US\$2,342,930.

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As one or more of the applicable percentage ratio(s) in respect of the Acquisition Agreement exceed 0.1% but are less than 5%, the acquisition is subject to the reporting and announcement requirements but exempt from the circular, independent financial advice and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

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

CNMC is wholly owned and 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. CNMC is the controlling shareholder (indirectly owns an aggregate of 69.54% of the issued share capital of the Company) of the Company.

SML is principally engaged in mining, ore processing and leaching operations of copper metal and sale of copper cathodes and copper anodes in Zambia and a subsidiary of the Company (as at the date of this announcement, the Company holds 55% equity interests in SML).

ZCETCZ is principally engaged in infrastructure construction in industrial parks, housing construction and operation, as well as related trade and transportation services. As at the date of this announcement, CNMC and NFCA hold 95% and 5% equity interests in ZCETCZ, respectively. As at the date of this announcement, the Company and Zambia Consolidated Copper Mines Investments Holdings Plc (a company incorporated under the law of Zambia and majority owned by the government of Zambia) hold 85% and 15% equity interests in NFCA, respectively.

DEFINITIONS

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

“Acquisition Agreement”	the Sale and Purchase Agreement on Buildings and Land dated 1 June 2022 entered into between SML and ZCETCZ in relation to the acquisition of the Target Assets by SML from ZCETCZ
“Board”	the board of Directors 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 the controlling shareholder 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(s)”	has the meaning ascribed thereto under the Listing Rules

“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“independent shareholder”	has the meaning ascribed thereto under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“NFCA”	NFC Africa Mining PLC (中色非洲礦業有限公司*), a company incorporated under the laws of Zambia on 5 March 1998 and a subsidiary of the Company
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Shareholders”	holder(s) of the shares of the Company
“SML”	Sino-Metals Leach Zambia Limited (贊比亞謙比希濕法冶煉有限公司*), a company incorporated under the laws of Zambia on 3 December 2004 and a subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules
“Target Assets”	the land, buildings on the land and relevant living facilities to be transferred under the Acquisition Agreement which are located in Garneton, Zambia
“US\$”	United States dollars, the current lawful currency of the United States of America
“Zambia”	the Republic of Zambia

“ZCETCZ”

Zambia-China Economic and Trade Cooperation Zone Development Ltd (贊比亞中國經濟貿易合作區發展有限公司*), a company incorporated under the laws of Zambia and a subsidiary of the CNMC

“%”

per cent

By Order of the Board
China Nonferrous Mining Corporation Limited
Jinjun ZHANG
Chairman and President

Beijing, 1 June 2022

As at the date of this announcement, the Board comprises Mr. Jinjun ZHANG, as an executive Director; Mr. Yaoyu TAN as a non-executive Director; and Mr. Dingfan QIU, Mr. Jingwei LIU and Mr. Huanfei GUAN as independent non-executive Directors.

* *The Chinese/English name translation is for references only*