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

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

(Stock Code: 01258)

**CONTINUING CONNECTED TRANSACTIONS IN RESPECT OF  
THE FINANCIAL SERVICES AGREEMENT**

**CONTINUING CONNECTED TRANSACTIONS**

On 22 December 2023, the Company entered into the Financial Services Agreement with CNMC Finance, pursuant to which CNMC Finance shall provide Deposit Services and Miscellaneous Financial Services to the Group's representative entities in mainland China for a term from 25 December 2023 to 24 December 2026.

**LISTING RULES IMPLICATIONS**

As CNMC indirectly owns an aggregate of 69.54% of the issued share capital of the Company through CNMD, CNMC Finance, being a subsidiary of CNMC, is therefore a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the Financial Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the applicable percentage ratio(s) in respect of the Deposit Services exceed 0.1% but are less than 5%, the Deposit Services are subject to the reporting, announcement and annual review requirements but are exempt from the circular (including independent financial advice) and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

As the applicable percentage ratio(s) in respect of the Miscellaneous Financial Services are less than 0.1%, the Miscellaneous Financial Services are fully exempted from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **THE FINANCIAL SERVICES AGREEMENT**

On 22 December 2023, the Company entered into the Financial Services Agreement with CNMC Finance, pursuant to which CNMC Finance shall provide Deposit Services and Miscellaneous Financial Services to the Group's representative entities in mainland China for a term from 25 December 2023 to 24 December 2026. Such representative entities are consolidated into the consolidated financial statements of the Group.

The key details of the Financial Services Agreement are set forth below:

### **Parties**

- (1) The Company
- (2) CNMC Finance

### **Subject Matter**

#### ***Deposit Services***

Pursuant to the Financial Services Agreement, CNMC Finance shall provide Deposit Services to the Group's representative entities in mainland China.

The Group's representative entities in mainland China shall open deposit accounts with CNMC Finance and deposit funds in such accounts based on a voluntary basis. CNMC Finance shall ensure the safety of the funds deposited by the Group's representative entities in mainland China, and release the funds in full and on time as requested by the Group's representative entities in mainland China within the scope of the funds in the Group's accounts in accordance with relevant procedures. If CNMC Finance fails to release the deposit in full and on time to the Group's representative entities in mainland China within one business day from the date of receipt of their request for funds without any justifiable reasons and fails to do so even after being reminded by the Group's representative entities in mainland China, the Company shall have the right to terminate the Financial Services Agreement.

#### ***Miscellaneous Financial Services***

Pursuant to the Financial Services Agreement, CNMC Finance shall provide Miscellaneous Financial Services (including but not limited to (i) foreign exchange settlement and sales services and (ii) settlement services) to the Group's representative entities in mainland China.

In respect of the foreign exchange settlement and sales services, CNMC Finance shall provide the Group's representative entities in mainland China with spot foreign exchange settlement and sales services based on the operational and development needs of the Group.

In respect of the settlement services, CNMC Finance will provide fund payment and fund collection services, as well as other ancillary services related to settlement operations to the Group as instructed by the Group's representative entities in mainland China.

## **Pricing Basis**

### ***Deposit Services***

The interest rate of the deposits for the Deposit Services provided by CNMC Finance to the Group's representative entities in mainland China shall not be lower than the interest rate for the same type of deposit announced by the People's Bank of China, or provided by major PRC commercial banks and/or other financial institutions for the same period, and shall not be lower than the interest rate for the same type of deposit CNMC Finance provided to CNMC Group for the same period.

### ***Miscellaneous Financial Services***

The fees charged by CNMC Finance to the Group's representative entities in mainland China for the provision of Miscellaneous Financial Services shall be based on the principles of fairness and reasonableness, shall comply with the fee standards stipulated by the People's Bank of China or the National Administration of Financial Regulation of the PRC for such type of services, and shall not be higher than the fees charged by major domestic commercial banks in the PRC for the same type of financial services for the same period and at the same amount under the same conditions, or the fees charged by CNMC Finance for the same type of financial services for the same period and at the same amount under the same conditions provided to CNMC Group, whichever is lower.

In respect of the foreign exchange settlement and sales services, the exchange rate to be provided by CNMC Finance to the Group's representative entities in mainland China shall be equal to or more favourable than the exchange rate quoted by the major domestic commercial banks in the PRC at the same amount for the same type of business, whichever is better.

CNMC Finance will not charge any fees for the provision of settlement services to the Group's representative entities in mainland China.

## **Annual Caps and Basis of Determination**

### ***Deposit Services***

During the term of the Financial Services Agreement, the maximum daily deposit balance (including accrued interests) each year under the Financial Services Agreement shall not exceed RMB250 million (if the currencies involved are currencies other than RMB, the amount shall be converted into RMB based on the benchmark published by the State Administration of Foreign Exchange of the PRC on the date of deposit).

The annual caps for the transactions under the Deposit Services were determined with reference to the followings:

- (1) the actual aggregate cash and deposits that were maintained by the Group's representative entities in mainland China with other independent commercial banks or other financial institutions in the PRC;
- (2) the deposits and cash the Group expects to be provided by the Group's representative entities in mainland China to CNMC Finance based on the business plan, growth in business scale and operation in the next three years;
- (3) the expected increase in deposits based on the expense settlement practices of the business activities of the Group's representative entities in mainland China, which are principally engaged in non-profit business activities related to the foreign (regional) enterprises; and
- (4) the expected amount of interest income to be generated from the expected deposit balance in CNMC Finance by the Group's representative entities in mainland China in the next three years.

### ***Miscellaneous Financial Services***

During the term of the Financial Services Agreement, the amount generated each year from services under Miscellaneous Financial Services is capped at RMB10 million (if the currencies involved are currencies other than RMB, the amount shall be converted into RMB based on the benchmark published by the State Administration of Foreign Exchange of the PRC on the date of contracting relevant services).

The annual caps for the transactions under the Miscellaneous Financial Services were determined with reference to the followings:

- (1) the expected service fees incurred by CNMC Finance for the provision of domestic fund settlement as well as cross-border fund settlement services to the Group's representative entities in mainland China;

- (2) the expected service fees incurred by CNMC Finance for the provision of foreign exchange settlement and sales services to the Group's representative entities in mainland China; and
- (3) the expected service fees charged by CNMC Finance for the provision of exchange risk management, research on economic situation and design of business plans to the Group's representative entities in mainland China.

The historical transaction amount for the transactions contemplated under the Financial Services Agreement for the past three years and for the period from the beginning of the year 2023 up to the date of this announcement was nil.

### **Internal Control Policies**

The management of the Group will be responsible for supervising and monitoring the transactions under the Financial Services Agreement to ensure that the Financial Services Agreement are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its Shareholders as a whole. The management of the Group will also conduct regular checks to review and assess whether the transactions contemplated under each of the Financial Services Agreement are in compliance with the terms of the agreement and in compliance with the pricing policy. The finance department of the Company will regularly monitor the actual amounts incurred for each type of continuing connected transactions for the purpose of ensuring the annual caps stipulated in the agreements are not exceeded. The Company's independent auditor will also conduct an annual review on the pricing terms and annual caps of the Financial Services Agreement.

### **Undertakings by CNMC Finance**

- (1) CNMC Finance will provide high-quality and efficient financial services to the Group's representative entities in mainland China in accordance with the relevant provisions of the Measures for the Administration of Finance Companies of Enterprise Groups (企業集團財務公司管理辦法) and the Financial Services Agreement.
- (2) CNMC Finance undertakes that the terms for the provision of financial services to the Company at any time shall be no less favourable than those for the same period and same type of financial services provided by CNMC Finance to CNMC Group, nor less favourable than those for the same period and same type of financial services available to the Company from other financial institutions at that time.

- (3) In case of any of the following circumstances, CNMC Finance shall give a written notice to the Company within two business days and take measures to avoid the occurrence or increase of losses, and cooperate with the Company in taking necessary measures, including but not limited to risk assessment through on-site inspection by the Company, and requesting CNMC Finance to suspend or terminate the provision of financial services to mitigate risks and reduce losses:
- A. the occurrence of material events such as bank run, incapable of settling due significant indebtedness, large amount of overdue loans or guarantee advances, criminal cases involving directors or senior management of CNMC Finance;
  - B. the occurrence of major institutional changes or operational risks that affects or may affect the normal operation of CNMC Finance;
  - C. the liabilities due from the shareholders of CNMC Finance to CNMC Finance are outstanding for more than 6 months;
  - D. any one of the regulatory indicators of CNMC Finance does not comply with the provisions of the Measures for the Administration of Finance Companies of Enterprise Groups of the PRC;
  - E. CNMC Finance is subject to administrative penalty and orders for rectification imposed by regulatory authorities such as the China Banking and Insurance Regulatory Commission; and
  - F. other matters that may cause significant safety hazards to the funds deposited by the Company.
- (4) CNMC Finance only conducts a formal review of all documents, materials and information submitted by the Company, and does not assume any responsibility for substantive review, nor does it provide any assurance as to the truth, accuracy or completeness of the aforesaid information submitted by the Company. If the Company fails to submit documents, materials and information to the CNMC Finance in accordance with the requirements of laws and regulations, the regulatory documents of the China Banking and Insurance Regulatory Commission and the institutional documents of the CNMC Finance, the Company shall bear the risks and losses incurred as a result.
- (5) CNMC Finance does not assume any responsibility for any failure of the business due to the Company's own reasons, objective factors in the market or due to the Company's failure to operate in accordance with the laws and regulations, the regulatory documents of the China Banking and Insurance Regulatory Commission and the institutional documents of CNMC Finance.

- (6) In the event that the Company's relevant business cannot be carried out normally due to communication or system failure, force majeure or other reasons not attributable to CNMC Finance, CNMC Finance will publish an announcement through CNMC Finance's designated website or otherwise, notifying the Company in a timely manner and take appropriate measures to avoid the increase of losses, and on this basis, CNMC Finance shall not be liable for any losses suffered by the Company as a result of the foregoing.

## **REASONS FOR AND BENEFIT OF ENTERING INTO THE FINANCIAL SERVICES AGREEMENT**

CNMC Finance only provides services to companies within CNMC Group in accordance with the needs of such companies and is familiar with the Group's operation and its day-to-day business. Therefore, CNMC Finance can provide the Group with services on a prioritized and more efficient manner than other commercial banks, from which the Group is expected to benefit. The interest rates of the Deposit Services and service fees of the Miscellaneous Financial Services offered by CNMC Finance to the Group will be the same as or more favorable than (as the case may be) those interest rates or service fees offered by any independent entities providing such services to the Company. Such arrangement will enhance the bargaining power of the Company when negotiating with third party commercial banks for the same or similar services, which may lower the costs of the Company. In view of the above, the Company considers that the terms of the Financial Services Agreement are fair and reasonable, beneficial for the overall development of the Company and in the interests of the Company and the Shareholders as a whole.

## **DIRECTORS' CONFIRMATION**

The Directors (including the independent non-executive Directors) are of the view that the Financial Services Agreement and the continuing connected transactions contemplated thereunder are in the ordinary and usual course of business of the Group, on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Given Mr. He YANG and Mr. Yaoyu TAN hold management positions in CNMC, they had abstained from voting on the relevant board resolutions for approving the Financial Services Agreement pursuant to the articles of association of the Company. Save as disclosed above, none of the Directors had a material interest in the transactions under the Financial Services Agreement or was required to abstain from voting on the relevant resolutions of the Board.

## **LISTING RULES IMPLICATIONS**

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## **GENERAL**

The principal activity of the Company is investment holding. The Company's subsidiaries are principally engaged in exploration of copper and cobalt, mining, ore processing, leaching, smelting and sales of copper cathodes, blister copper and copper anodes, cobalt contained in cobalt hydroxide, sulfuric acid and liquid sulfur dioxide. CNMC, the controlling shareholder of the Company, is wholly-owned and administered by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC, and is principally engaged in the development, construction and engineering of nonferrous metal ore resources as well as related trade and services.

CNMC Finance is a financial institution established with the approval of the China Banking and Insurance Regulatory Commission and under the laws of the PRC. CNMC Finance is mainly engaged in the provision of financial services, and is a subsidiary of CNMC, its ultimate beneficial owner.

## DEFINITIONS

“Board”	the board of Directors
“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 Finance”	Nonferrous Metal Mining Group Finance Co., Ltd.* (有色礦業集團財務有限公司), a financial institution established under the laws of the PRC and the approval of the China Banking and Insurance Regulatory Commission, and is a subsidiary of CNMC
“CNMC Group”	CNMC and its subsidiaries, excluding, for the purpose of this announcement, the Group
“CNMD”	China Nonferrous Mining Development Limited, a company incorporated in the British Virgin Islands, a wholly-owned subsidiary of CNMC and a 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
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Deposit Services”	the deposit services provided by CNMC Finance to the Group’s representative entities in mainland China under the Financial Services Agreement
“Financial Services Agreement”	the agreement dated 22 December 2023 entered into between the Company and CNMC Finance in relation to the provision of Deposit Services and Miscellaneous Financial Services to the Group’s representative entities in mainland China by CNMC Finance
“Group”	the Company and its subsidiaries

“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	has the meaning ascribed to it under the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“Miscellaneous Financial Services”	the miscellaneous financial services provided by CNMC Finance to the Group’s representative entities in mainland China under the Financial Services Agreement
“PRC” or “mainland China”	the People’s Republic of China, excluding, for the purpose of this announcement, the Hong Kong Special Administrative Region of PRC, the Macau Special Administrative Region of PRC and the Taiwan Region of China
“RMB”	Reminbi, the current lawful currency of the PRC
“Shareholders”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“%”	per cent

By Order of the Board  
**China Nonferrous Mining Corporation Limited**  
**He YANG**  
*Chairman*

Beijing, 22 December 2023

*As at the date of this announcement, the Board comprises Mr. He YANG 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.*

\* *Translation for reference purposes only*