

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*



**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)

**(1) REVISION OF ANNUAL CAPS OF  
CONTINUING CONNECTED TRANSACTIONS;  
(2) TERMINATION OF 2023 FINANCIAL SERVICES AGREEMENT;  
AND  
(3) DISCLOSEABLE TRANSACTION  
AND  
CONTINUING CONNECTED TRANSACTIONS  
IN RESPECT OF THE FINANCIAL SERVICES  
FRAMEWORK AGREEMENT**

**REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED  
TRANSACTIONS**

References are made to the Announcement and Circular in respect of the 2023 Mutual Supply Framework Agreement.

Taking into account of the expected increase in business development of the Group, the Directors expect that the existing annual caps in respect of the supply of raw materials, products and services from the CNMC Group to the Group under the 2023 Mutual Supply Framework Agreement for the three years ending 31 December 2026 will not be adequate for the Group's needs. The Directors therefore propose to revise the relevant existing annual caps.

**TERMINATION OF 2023 FINANCIAL SERVICES AGREEMENT**

On the Effective Date, the Company and CNMC Finance will terminate the 2023 Financial Services Agreement and replace it with the Financial Services Framework Agreement.

## **FINANCIAL SERVICES FRAMEWORK AGREEMENT**

On 27 May 2024, the Company entered into the Financial Services Framework Agreement with CNMC Finance, pursuant to which CNMC Finance shall provide certain financial services, including (1) the deposit services, and (2) miscellaneous financial services (including but not limited to foreign exchange settlement and sales services and settlement services), to the Group for a term commencing from the Effective Date to 31 December 2026.

## **LISTING RULES IMPLICATIONS**

### **Revision of annual caps under the 2023 Mutual Supply Framework Agreement**

As CNMC indirectly owns an aggregate of 66.63% of the issued share capital of the Company through CNMD, CNMC is therefore a controlling shareholder of the Company, and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2023 Mutual Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (excluding the profits ratio) under the Listing Rules in respect of the highest proposed revised annual cap for transactions in relation to the supply of raw materials, products and services from the CNMC Group to the Group contemplated under the 2023 Mutual Supply Framework Agreement exceed 5%, such relevant transactions contemplated under the 2023 Mutual Supply Framework Agreement are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **The Financial Services Framework Agreement**

As CNMC indirectly owns an aggregate of 66.63% 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.

#### **(1) The deposit services**

As certain of the applicable percentage ratios under the Listing Rules in respect of the highest proposed annual cap for transactions in relation to deposit services contemplated under the Financial Services Framework Agreement exceed 5% but all are less than 25%, the transactions in relation to deposit services contemplated under the Financial Services Framework Agreement constitute (i) a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) continuing connected transactions of the Company subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

(2) Miscellaneous financial services

As all of the applicable percentage ratios (excluding the profits ratio) under the Listing Rules in respect of the proposed total fees payable by the Company to CNMC Finance for transactions in relation to the miscellaneous financial services contemplated under the Financial Services Framework Agreement exceed 0.1% but all are less than 5%, the transactions in relation to miscellaneous financial services contemplated under the Financial Services Framework Agreement are subject to the reporting, annual review and announcement but are exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

**APPROVAL BY INDEPENDENT SHAREHOLDERS**

As CNMC indirectly owns an aggregate of 66.63% of the issued share capital of the Company through CNMD, CNMD and its associates will abstain from voting on the resolutions approving the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the Financial Services Framework Agreement (including the relevant Proposed Caps) at the AGM. Save as disclosed above, no Shareholder has any material interest in the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the transactions contemplated under the Financial Services Framework Agreement and will be required to abstain from voting at the AGM.

The Company will seek the Independent Shareholders' approval at the AGM for the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the Financial Services Framework Agreement (including the relevant Proposed Caps).

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the Financial Services Framework Agreement (including the relevant Proposed Caps), and South China Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

Further information on the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the terms of the Financial Services Framework Agreement, a letter from the Independent Board Committee, an opinion of South China Capital, the Independent Financial Adviser, together with a notice to convene the AGM to approve, among others, the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the Financial Services Framework Agreement (including the relevant Proposed Caps), will be included in the AGM Circular which is expected to be issued to the Shareholders on or before 4 June 2024. If there is expected to be a delay in despatch of the AGM 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 despatch of the AGM Circular. An announcement on the results of the AGM will be made by the Company in accordance with the Listing Rules.

## **REVISION OF ANNUAL CAPS OF CONTINUING CONNECTED TRANSACTIONS**

### **Background**

References are made to the Announcement and Circular in respect of the 2023 Mutual Supply Framework Agreement.

Taking into account of the expected increase in business development of the Group, the Directors expect that the existing annual caps in respect of the supply of raw materials, products and services from the CNMC Group to the Group under the 2023 Mutual Supply Framework Agreement for the three years ending 31 December 2026 will not be adequate for the Group's needs. The Directors therefore propose to revise the relevant existing annual caps.

### **2023 Mutual Supply Framework Agreement**

#### **Parties**

- (1) The Company
- (2) CNMC

#### **Purpose and Scope**

Pursuant to the 2023 Mutual Supply Framework Agreement,

- (a) both parties agreed to provide, or procure their respective subsidiaries to provide the following to each other:
  - (i) raw materials and product 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;
  - (ii) 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
  - (iii) 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 2023 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 Independent Third Parties. Each party is entitled to obtain the relevant raw materials, products and services from the Independent Third Parties if the other party cannot satisfy its requirements for such raw materials, products and services or the terms offered by the 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 underlying agreement entered into pursuant to the 2023 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 allowed to terminate and will continue to provide such raw materials, products and services under any circumstances.

Save for the revision of the proposed annual caps for the supply of raw materials, products and services from the CNMC Group under the 2023 Mutual Supply Framework Agreement, the other terms under the 2023 Mutual Supply Framework Agreement remain unchanged.

### **Term**

The term of the 2023 Mutual Supply Framework Agreement has commenced from 1 January 2024 and will expire on 31 December 2026.

### **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 the 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 the 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 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 supply of raw materials, products and services from the CNMC Group to the Group substantially outweighs the transaction volume for the supply of raw materials, products and services from the Group 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 2023 Mutual Supply Framework Agreement for the three years ended 31 December 2023 and the four months ended 30 April 2024:

*Supply of raw materials, products and services from the CNMC Group*

	<b>For the year ended 31 December 2021 (audited) (US\$)</b>	<b>For the year ended 31 December 2022 (audited) (US\$)</b>	<b>For the year ended 31 December 2023 (audited) (US\$)</b>	<b>For the four months ended 30 April 2024 (unaudited) (US\$)</b>
Historical transaction amounts	386,226,000	459,248,000	430,465,000	90,317,825
Historical annual caps	496,731,351	656,017,952	643,796,538	–

So far as the Directors are aware, the annual cap for the year ending 31 December 2024 has not been exceeded as at the date of this announcement.

### **Proposed revision of annual caps and basis of determination**

The existing annual caps and the proposed revised annual caps in respect of the supply of raw materials, products and services from the CNMC Group contemplated under the 2023 Mutual Supply Framework Agreement for the three years ending 31 December 2026 and the basis of determination of such annual caps are set out as follows:

#### ***Supply of raw materials, products and services from the CNMC Group***

<b>For the year ending 31 December</b>					
<b>2024</b>		<b>2025</b>		<b>2026</b>	
<b>Existing annual cap</b>	<b>Revised annual cap</b>	<b>Existing annual cap</b>	<b>Revised annual cap</b>	<b>Existing annual cap</b>	<b>Revised annual cap</b>
<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>	<i>(US\$)</i>
353,100,000	490,000,000	395,000,000	520,000,000	395,000,000	540,000,000

The above proposed revised annual caps were determined by reference to factors such as (i) historical transaction values and volume, in particular, the actual transaction amount for the year ended 31 December 2023; (ii) projected increase in demand for raw materials, products and services by the Group from the CNMC Group, in particular, the Company plans to accelerate the progress of Luanshya no. 28 shaft, the second phase of the expansion of the southeast ore body of Kianbichi and other projects which will require an increase in the cost of design, construction, supervision and procurement of spare parts; (iii) recent increase in copper prices; (iv) the expected increase in the purchase cost of electricity due to the limited supply of electricity in the DRC and Zambia region and the Company's increasing demand for diesel generator sets for ensuring its productivity; and (v) a buffer of approximately 20% to enable the Group to flexibly respond to various unexpected increases in demand and/or prices. The Group has taken into account its various development and expansion projects for which it plans to procure raw materials, products and services from the CNMC Group. The Company also plans to increase investment in science and technology, safety and environmental protection, and renovate the existing facilities and equipment, which will increase the relevant construction costs.

#### **Reasons for and benefit of entering into the 2023 Mutual Supply Framework Agreement**

The Group continues to procure raw materials, products and services from the CNMC Group and continues to require such raw materials, products and services from the CNMC Group for the business development of the Group. The Directors consider that the 2023 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 and therefore can reduce the Group's production costs and further enhance 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.



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, continue expanding its business reach and channels, thus enhancing the business opportunities of the Group.

In view of the above, the Company considers that the terms of the 2023 Mutual Supply Framework Agreement and the proposed revision of annual caps 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.

### **Listing Rules Implications**

As CNMC indirectly owns an aggregate of 66.63% of the issued share capital of the Company through CNMD, CNMC is therefore a controlling shareholder of the Company, and a connected person of the Company under Chapter 14A of the Listing Rules. Accordingly, the transactions contemplated under the 2023 Mutual Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all of the applicable percentage ratios (excluding the profits ratio) under the Listing Rules in respect of the highest proposed revised annual cap for transactions in relation to the supply of raw materials, products and services from the CNMC Group to the Group contemplated under the 2023 Mutual Supply Framework Agreement exceed 5%, such relevant transactions contemplated under the 2023 Mutual Supply Framework Agreement are subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **TERMINATION OF 2023 FINANCIAL SERVICES AGREEMENT**

On the Effective Date, the Company and CNMC Finance will terminate the 2023 Financial Services Agreement and replace it with the Financial Services Framework Agreement.

## FINANCIAL SERVICES FRAMEWORK AGREEMENT

### Parties

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

### Purpose and Scope

Pursuant to the Financial Services Framework Agreement, CNMC Finance agreed to provide certain financial services, including (1) the deposit services, and (2) miscellaneous financial services (including but not limited to foreign exchange settlement and sales services and settlement services), to the Group for a term commencing from the Effective Date to 31 December 2026. Details of the relevant services are set out below:

#### *(1) The deposit services*

The Group will open deposit accounts with CNMC Finance and deposit funds in such accounts based on a voluntary basis. The form of deposit can be current deposit, time deposit, call deposit, or agreed deposit, etc. CNMC Finance shall ensure the safeguard of the Group's deposits, and promptly and fully release the funds as requested by any member of the Group. If CNMC Finance fails to release the deposit in full and on time to any member of the Group within one business day upon the receipt of fund use request from such member of the Group without justified reasons and fails to do so after the reminder from such member of the Group, the Company shall have the right to terminate the Financial Services Framework Agreement.

#### *(2) Miscellaneous financial services*

- (i) Foreign exchange settlement and sales services: CNMC Finance will provide the Group with spot foreign exchange settlement and sales services based on the operational and development needs of the Group, and carry out spot foreign exchange settlement and sales business in US\$, Euros, Hong Kong dollars, Japanese yen, British pounds and other currencies.
- (ii) Settlement services: CNMC Finance will provide fund settlement services to the Group. CNMC Finance shall ensure safe operation of the fund settlement network, control the risk of assets and liabilities and satisfy the reasonable payment requirements of the Group. The Group shall ensure the safety of its terminal system connected to the fund settlement network of CNMC Finance and the safety and reliability of its communication lines.
- (iii) Other financial services: CNMC Finance will provide other types of financial services upon requests from the Group based on the Group's business needs.

## **Term**

Conditional upon the approval by the Independent Shareholders, the term of the Financial Services Framework Agreement shall commence from the Effective Date to 31 December 2026.

## **Pricing basis**

The fees and charges payable by the Company to CNMC Finance under the Financial Services Framework Agreement are determined on the following basis:

### **(1) *The deposit services***

The interest rate for the deposits of the Group with CNMC Finance shall not be lower than the interest rate for the same type of deposit announced by PBOC for the same period, 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.

### **(2) *Miscellaneous financial services***

The fees charged by CNMC Finance to the Group 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 PBOC 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 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.

When determining the price for any financial services to be provided as specific transactions to be entered into between the Group and CNMC Finance pursuant to the Financial Services Framework Agreement, the Group will obtain comparable quotes during the same period, fees and terms from at least two general commercial banks in the PRC located in the same or adjacent regions. In practice, the Group may select the general commercial banks to obtain quotes based on their market positions and the competitiveness of their terms in past transactions or quotes. The Finance Department of the Company will be in charge of obtaining the quotes. The general commercial banks are generally willing to offer quotes to the Group from time to time for business development purposes.

## Historical transaction amounts

The historical transaction amounts for (i) the deposit services; and (ii) the miscellaneous financial services are as follows:

- (i) The maximum daily deposit balance (including accrued interests) of the deposits placed with CNMC Finance by the Company's representative entities in mainland China for the period covering 25 December 2023 to 31 December 2023: RMB69,604,000;
- (ii) The maximum daily deposit balance (including accrued interests) of the deposits placed with CNMC Finance by the Company's representative entities in mainland China for the period covering 1 January 2024 to 30 April 2024: approximately RMB136,983,245; and
- (iii) The handling fees charged by CNMC Finance in respect of its services provided to the Company's representative entities in mainland China for the period covering 25 December 2023 to 30 April 2024: Nil.

## Proposed annual caps and basis of determination

The proposed annual caps for the transactions contemplated under the Financial Services Framework Agreement and the basis of determination of such annual caps are set out as follows:

### (1) *The deposit services*

During the term of the 2023 Financial Services Agreement, the maximum daily deposit balance (including accrued interests) each year thereunder 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 SAFE on the date of deposit).

In respect of the deposit services, the Company estimates that the maximum daily deposit balance (including accrued interests) of the deposits placed with CNMC Finance by the Group during the term of the Financial Services Framework Agreement and the basis of determination of such annual caps are set out as follows:

<b>For the period from the Effective Date to 31 December 2024</b> <i>(US\$)</i>	<b>For the year ending 31 December 2025</b> <i>(US\$)</i>	<b>For the year ending 31 December 2026</b> <i>(US\$)</i>
450,000,000	450,000,000	450,000,000

*Note: The conversion of foreign currencies shall be made at the central parity rate published by the SAFE on the relevant date of the 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 with other independent commercial banks or other financial institutions in the PRC; (2) the deposits and cash expected to be provided by the Group 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, 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 in the upcoming years.

**(2) *Miscellaneous financial services***

During the term of the 2023 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 SAFE on the date of contracting relevant services).

In respect of the miscellaneous financial services, the Company estimates that the caps on the handling fees charged by CNMC Finance in respect of its services provided to the Group during the term of the Financial Services Framework Agreement and the basis of determination of such annual caps are set out as follows:

<b>For the period from the Effective Date to 31 December 2024</b> <i>(US\$)</i>	<b>For the year ending 31 December 2025</b> <i>(US\$)</i>	<b>For the year ending 31 December 2026</b> <i>(US\$)</i>
10,000,000	10,000,000	10,000,000

*Note: The conversion of foreign currencies shall be made at the central parity rate published by the SAFE on the relevant date of the provision of the miscellaneous financial 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;
- (2) the expected service fees incurred by CNMC Finance for the provision of foreign exchange settlement and sales services to the Group; 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.

## **Payment terms**

The payment terms under the Financial Services Framework Agreement shall be agreed and detailed in the specific separate agreements to be entered into between members of the Group and CNMC Finance.

## **Reasons for and benefit of entering into the Financial Services Framework Agreement**

The Company entered into the Financial Services Framework Agreement with CNMC Finance for the following reasons:

While the maximum daily deposit balance of the deposit services is set, the Group can withdraw deposit from the accounts with CNMC Finance according to the Group's business needs, which is not subject to any restrictions imposed by the CNMC Finance. Apart from CNMC Finance, the Group has business cooperation with a number of financial institutions, which can provide timely financial services to the Group as and when needed.

The interest rates of the deposit services and relevant handling 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 handling fees individually offered by any Independent Third Party to the Group using such relevant services.

CNMC Finance, which is regulated by the PBOC and National Financial Regulatory Administration, is a non-banking financial institution authorized to provide various types of financial services, including deposit and other financial services. The Group may utilize CNMC Finance as a medium to allocate the funds between members of the Group more effectively, thereby improving the level of liquidity of the Group and enhancing the overall solvency of the Group.

The Group will continue to utilize various services from CNMC Finance, including the deposit services and miscellaneous financial services according to the Financial Services Framework Agreement. 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 financing costs of the Company.

CNMC Finance is limited to serving the needs and requests of the member companies and is familiar with the Company's operation. Therefore, CNMC Finance can provide services on a prioritized and more efficient manner than other commercial banks in the PRC, from which the Company is expected to benefit.

In view of the above, the Company considers that the terms of the Financial Services Framework 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.



## **Listing Rules Implications**

As CNMC indirectly owns an aggregate of 66.63% 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 Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

### **(1) *The deposit services***

As certain of the applicable percentage ratios under the Listing Rules in respect of the highest proposed annual cap for transactions in relation to deposit services contemplated under the Financial Services Framework Agreement exceed 5% but all are less than 25%, the transactions in relation to deposit services contemplated under the Financial Services Framework Agreement constitute (i) a discloseable transaction of the Company subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules; and (ii) continuing connected transactions of the Company subject to the reporting, annual review, announcement and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

### **(2) *Miscellaneous financial services***

As all of the applicable percentage ratios under the Listing Rules in respect of the proposed total fees payable by the Company to CNMC Finance for transactions in relation to the miscellaneous financial services contemplated under the Financial Services Framework Agreement exceed 0.1% but all are less than 5%, the transactions in relation to miscellaneous financial services contemplated under the Financial Services Framework Agreement are subject to the reporting, annual review and announcement but are exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **Undertakings by CNMC Finance under the Financial Services Framework Agreement**

Pursuant to the Financial Services Framework Agreement, CNMC Finance has undertaken that:

- (1) it will provide high-quality and efficient financial services to the Group 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 Framework Agreement;

- (2) the terms for the provision of financial services to the Group 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 Group 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 Group within two business days and take measures to avoid the occurrence or increase of losses, and cooperate with the Group in taking necessary measures, including but not limited to risk assessment through on-site inspection by the Group, 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 Group.
- (4) CNMC Finance only conducts a formal review of all documents, materials and information submitted by the Group, 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 Group. If the Group 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 Group 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 Group's own reasons, objective factors in the market or due to the Group'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 Group'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 Group 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 Group as a result of the foregoing.

### **INTERNAL CONTROL POLICIES**

The management of the Group will be responsible for supervising and monitoring the transactions under the 2023 Mutual Supply Framework Agreement and the Financial Services Framework Agreement to ensure that they 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 the 2023 Mutual Supply Framework Agreement and the Financial Services Framework 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 2023 Mutual Supply Framework Agreement and the Financial Services Framework Agreement.

### **INFORMATION ON THE COMPANY**

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 SASAC, and is principally engaged in the development, construction and engineering of nonferrous metal ore resources as well as related trade and services.

### **INFORMATION ON CNMC**

CNMC is wholly-owned and administered by the SASAC and is principally engaged in the development of nonferrous metal resources, construction and engineering, as well as related trade and services.

## **INFORMATION ON CNMC FINANCE**

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. As at the date of this announcement, CNMC Finance is owned as to 95% by CNMC and 5% by Daye Nonferrous Metals Group Holdings Co., Ltd\* (大冶有色金屬集團控股有限公司), which is in turn owned as to approximately 57.99% and approximately 38.6% by CNMC and Yangtze River Industrial Investment Group Co., Ltd.\* (長江產業投資集團有限公司) (“**Yangtze Industrial**”), respectively. Yangtze Industrial is wholly-owned and administered by the State-owned Assets Supervision and Administration Commission of Hubei Provincial People’s Government; and CNMC is wholly-owned and administered by the SASAC.

## **DIRECTORS’ CONFIRMATION**

The Directors (excluding independent non-executive Directors who will express their opinions after considering the advice of the Independent Financial Adviser) are of the view that the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the Financial Services Framework Agreement 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, Mr. Yaoyu TAN and Ms. Yani GONG hold management positions in CNMC, they had abstained from voting on the relevant board resolutions for approving the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the Financial Services Framework Agreement pursuant to the articles of association of the Company. Save as disclosed above, none of the Directors had a material interest in the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the transactions under the Financial Services Framework Agreement or was required to abstain from voting on the relevant resolutions of the Board.

## **APPROVAL BY INDEPENDENT SHAREHOLDERS**

As CNMC indirectly owns an aggregate of 66.63% of the issued share capital of the Company through CNMD, CNMD and its associates will abstain from voting on the resolutions approving the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the Financial Services Framework Agreement (including the relevant Proposed Caps) at the AGM. Save as disclosed above, no Shareholder has any material interest in the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the transactions contemplated under the Financial Services Framework Agreement and will be required to abstain from voting at the AGM.

The Company will seek the Independent Shareholders' approval at the AGM for the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the Financial Services Framework Agreement (including the relevant Proposed Caps).

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the Financial Services Framework Agreement (including the relevant Proposed Caps), and South China Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

Further information on the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the terms of the Financial Services Framework Agreement, a letter from the Independent Board Committee, an opinion of South China Capital, the Independent Financial Adviser, together with a notice to convene the AGM to approve, among others, the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the Financial Services Framework Agreement (including the relevant Proposed Caps), will be included in the AGM Circular which is expected to be issued to the Shareholders on or before 4 June 2024. If there is expected to be a delay in despatch of the AGM 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 despatch of the AGM Circular. An announcement on the results of the AGM will be made by the Company in accordance with the Listing Rules.

## **DEFINITIONS**

“2023 Mutual Supply Framework Agreement”	the framework agreement dated 24 November 2023 between the Company and CNMC in relation to the mutual provision of raw materials, products and services
“2023 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
“AGM”	the annual general meeting of the Company to be held on 27 June 2024 to approve, among other things, the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the Financial Services Framework Agreement (including the relevant Proposed Caps), or any adjournment thereof

“AGM Circular”	the circular containing details of, among others, the proposed revision of annual caps of the transactions under the 2023 Mutual Supply Framework Agreement and the Financial Services Framework Agreement together with the notice of convening the AGM, to be issued by the Company to the Shareholders
“Announcement”	the announcement made by the Company dated 24 November 2023 in relation to, among others, the 2023 Mutual Supply Framework Agreement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Circular”	the circular made by the Company dated 4 December 2023 in relation to, among others, the 2023 Mutual Supply Framework Agreement
“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 (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
“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 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
“DRC”	the Democratic Republic of the Congo
“Effective Date”	the date of the Financial Services Framework Agreement after the relevant internal approvals having been obtained by the Company and CNMC Finance and the date of approval by the Independent Shareholders at the AGM (whichever is later)
“Financial Services Framework Agreement”	the agreement dated 27 May 2024 entered into between the Company and CNMC Finance in relation to the provision of certain financial services by CNMC Finance to the Group
“Group”	in the context of the 2023 Mutual Supply Framework Agreement, the Company and its subsidiaries; in the context of the Financial Services Framework Agreement, the Company and its subsidiaries (including its representative entities in Mainland China)
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising Mr. Dingfan QIU, Mr. Guangfu GAO and Mr. Huanfei GUAN
“Independent Financial Adviser” or “South China Capital”	South China Capital 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 Financial Services Framework Agreement
“Independent Shareholders”	Shareholders other than CNMD and its associates
“Independent Third Party(ies)”	party(ies) independent of the Company and the connected persons of the Company

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PBOC”	the People’s Bank of China (中國人民銀行), the central bank of the PRC
“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan Region of China
“Proposed Cap(s)”	the proposed annual cap for each service under the Financial Services Framework Agreement as set out in this announcement
“RMB”	Renminbi, the lawful currency of the PRC
“SAFE”	the State Administration of Foreign Exchange of the PRC
“SASAC”	State-owned Assets Supervision and Administration Commission of the State Council 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
“US\$”	United States dollars, the current lawful currency of the United States of America
“%”	per cent

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

27 May 2024

*As at the date of this announcement, the Board comprises Mr. He YANG as an executive Director; Mr. Yaoyu TAN and Ms. Yani GONG as non-executive Directors; and Mr. Dingfan QIU, Mr. Guangfu GAO and Mr. Huanfei GUAN as independent non-executive Directors.*

\* *Translation for reference purposes only*