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洛阳钼业
洛陽欒川鉬業集團股份有限公司
CMOC Group Limited*

(a joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 03993)

CONTINUING CONNECTED TRANSACTIONS UNDER

**(1) THE CATL PRODUCT SALES AND
PROCUREMENT FRAMEWORK AGREEMENT
AND**

(2) THE KFM SALES AND PROCUREMENT FRAMEWORK AGREEMENT

**Independent Financial Adviser to the Independent Board Committee and
the Independent Shareholders**



RAINBOW CAPITAL (HK) LIMITED
泓博資本有限公司

THE CONTINUING CONNECTED TRANSACTIONS

We refer to the announcement of the Company dated 27 October 2023 in relation to the continuing connected transactions under the existing CATL product sales and procurement framework agreement and KFM sales and procurement framework agreement. As the existing CATL product sales and procurement framework agreement and KFM sales and procurement framework agreement will both expire on 31 December 2024, on 28 October 2024, the Board approved (i) CMOC Limited to enter into the CATL Product Sales and Procurement Framework Agreement with CATL; and (ii) the Company to enter into the KFM Sales and Procurement Framework Agreement with KFM Holding and KFM Mining, subject to the parties obtaining their own necessary authorization or approval, respectively, in accordance with the relevant provisions in their own articles of association or constitutional or similar documents and applicable listing rules. As at the date of this announcement, the Agreements have not been executed yet, and the Company will make an announcement in due course once the definitive agreements are entered into.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CATL is a substantial shareholder of the Company and therefore is a connected person of the Company under Chapter 14A of the Listing Rules. KFM Holding is ultimately owned as to 75% and 25% by the Company and CATL, respectively, and KFM Mining is a subsidiary of KFM Holding. KFM Holding and KFM Mining are therefore connected persons of the Company under Chapter 14A of the Listing Rules by virtue of being connected subsidiaries of the Company. Thus, the transactions contemplated under (i) the CATL Product Sales and Procurement Framework Agreement between CMOC Limited Group and CATL Group; and (ii) the KFM Sales and Procurement Framework Agreement between CMOC Group and KFM Group shall constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratios in respect of the proposed annual caps of (i) the transactions under the CATL Product Sales and Procurement Framework Agreement; and (ii) the transactions under the KFM Sales and Procurement Framework Agreement exceed 5%, such transactions would constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and are subject to the reporting, announcement, annual review, circular (including independent financial advice) and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

The Independent Board Committee (comprising Mr. Wang Kaiguo, Ms. Gu Hongyu and Mr. Cheng Gordon, all of whom are independent non-executive Directors) has been formed to advise and provide recommendations to the Independent Shareholders in respect of the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto).

In addition, the Company has appointed Rainbow Capital as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto) are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and whether they are in the interests of the Company and the Shareholders as a whole.

DESPATCH OF CIRCULAR

A circular containing, among other things, (i) a letter from the Board setting out further details on the Agreements and the proposed transactions contemplated thereunder; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 18 November 2024.

I. INTRODUCTION

We refer to the announcement of the Company dated 27 October 2023 in relation to the continuing connected transactions under the existing CATL product sales and procurement framework agreement and KFM sales and procurement framework agreement.

As the existing CATL product sales and procurement framework agreement and KFM sales and procurement framework agreement will both expire on 31 December 2024, on 28 October 2024, the Board approved (i) CMOC Limited to enter into the CATL Product Sales and Procurement Framework Agreement with CATL; and (ii) the Company to enter into the KFM Sales and Procurement Framework Agreement with KFM Holding and KFM Mining, subject to the parties obtaining their own necessary authorization or approval, respectively, in accordance with the relevant provisions in their own articles of association or constitutional or similar documents and applicable listing rules.

As at the date of this announcement, the Agreements have not been executed yet, and the Company will make an announcement in due course once the definitive agreements are entered into.

II. THE CATL CONTINUING CONNECTED TRANSACTIONS

Principle Terms of the CATL Product Sales and Procurement Framework Agreement

Parties	(a) CMOG Limited; and (b) CATL
Term	From 1 January 2025 to 31 December 2027, conditioned upon the parties obtaining their own necessary authorization or approval, respectively, in accordance with the relevant provisions in their own articles of association or constitutional or similar documents and applicable listing rules
Subject Matter	(i) CMOG Limited Group agrees to sell and CATL Group agrees to purchase metal products, including but not limited to copper, cobalt, nickel and lithium products; and (ii) CMOG Limited Group agrees to purchase and CATL Group agrees to sell metal products, including but not limited to copper and nickel products.
Subsequent Agreements	CMOG Limited Group and CATL Group will enter into the individual subsequent agreements with respect to each transaction contemplated under the CATL Product Sales and Procurement Framework Agreement according to the principles prescribed thereunder (the “ CATL Subsequent Agreement(s) ”).
Pricing Policies	<p><i>(1) As for the products to be provided by CMOG Limited Group to CATL Group</i></p> <p>It is agreed that the price for each lot of the products purchased by CATL Group under each CATL Subsequent Agreement should be determined on the basis of market-based pricing principle, subject to certain adjustments mainly involving the cost of funds, the basic pricing coefficient, the moisture content, the percentage of metal content and the impurity element content in the metals. The agreed price shall be determined after arm’s length negotiation between both parties to ensure that the price is fair and reasonable and on normal commercial terms.</p> <p>Pursuant to the CATL Subsequent Agreement, if CATL Group shall make prepayment for certain proposed transactions, CMOG Limited Group shall pay interests on such prepayments. The interest rate will be determined by both parties to the contract through amicable consultations with reference to the U.S. bond yield and fixed rate of interest rate swaps at a margin of no more than 2% over the U.S. bond yield of same maturity, and taking into account factors including the parties’ respective financing costs and the Federal Reserve’s view on the trend of interest rates.</p>

(2) As for the products to be purchased by CMOG Limited Group from CATL Group

It is agreed that the price for each lot of the products purchased by CMOG Limited Group under each CATL Subsequent Agreement should be determined on the basis of market-based pricing principle, subject to certain adjustments mainly involving the cost of funds, the basic pricing coefficient, the moisture content, the percentage of metal content and the impurity element content in the metals. The agreed price shall be determined after arm's length negotiation between both parties to ensure that the price is fair and reasonable and on normal commercial terms.

The market price of copper, cobalt, nickel and lithium products will be referred to (i) the copper price quoted by LME (<https://www.lme.com/>); or (ii) the cobalt price quoted by Fastmarkets (<https://www.fastmarkets.com/>) multiplied by the relevant price coefficient; or (iii) the nickel price quoted by LME multiplied by the low range of the mixed hydroxide nickel coefficient published by Mysteel (<https://www.mysteel.net/>); or (iv) the lithium price quoted by Guangzhou Futures Exchange (<https://www.gfex.cn/>) and/or Shanghai Metals Market (<https://www.smm.cn/>). The price will be determined with reference to the sales price charged by other well-known mining companies in the place of sale or receiving market, as well as recognized commodity trading indexes comparable to LME or Fastmarkets (such as SMM Information & Technology Co., Ltd., Shanghai Futures Exchange or the Chicago Mercantile Exchange).

Historical Transaction Amounts and Annual Caps

The historical transaction amounts under the CATL Product Sales and Procurement Framework Agreement are as follows:

	For the Year Ended 31 December 2023	For the Eight Months Ended 31 August 2024
	<i>(US\$ million)</i>	
Products sold by CMOG Limited Group to CATL Group	255.39	546.18
Products purchased by CMOG Limited Group from CATL Group	–	–
Interests paid by CMOG Limited Group to CATL Group in relation to the prepayment	72.36	63.50

The products purchased by CMOG Limited Group from CATL Group for the year ended 31 December 2023 and the eight months ended 31 August 2024 are primarily nickel products, which are part of the commodities to be purchased by IXM during its trading business. The historical purchase amount of such products for the year ended 31 December 2023 and the eight months ended 31 August 2024 is small as a result of the business decision of the Group. Such business decision including whether to purchase such products, as well as the purchase price, the purchase amount and the counterparty for the transaction, was made based on the various factors including the then market price and demand for the nickel products, as well as the Group's then resource allocation.

The proposed annual caps for the continuing connected transactions contemplated under the CATL Product Sales and Procurement Framework Agreement for the three years ending 31 December 2027 are set out as follows:

	Proposed Annual Caps for the Year Ending 31 December		
	2025	2026	2027
	<i>(US\$ million)</i>		
Products to be sold by CMOG Limited Group to CATL Group	2,150	2,200	2,900
Products to be purchased by CMOG Limited Group from CATL Group	850	900	1,100
Interests to be paid by CMOG Limited Group to CATL Group in relation to the prepayment	93	80	70

Basis for Determining the Proposed Annual Caps

Products to be sold by CMOG Limited Group to CATL Group

The following factors have been taken into account in determining the proposed annual caps for the three years ending 31 December 2027:

- (a) the estimated quantity of copper, cobalt, nickel and lithium products to be supplied by CMOG Limited Group to CATL Group, which is determined based on the estimated production volume of copper, cobalt, nickel and lithium products of the Group in the future as well as the expected demand of CATL Group for such products. To be specific:

The quantity of copper and cobalt products to be supplied by CMOG Limited Group to CATL Group for the three years ending 31 December 2027 is estimated based on the expected production capacity of KFM Copper and Cobalt Mine and the expected demand of CATL Group for such products produced by KFM Copper and Cobalt Mine.

In respect of nickel products to be supplied by CMOG Limited Group to CATL Group for the three years ending 31 December 2027, the Company has made reference to the average production capacity of nickel products through its investments and joint-development in PT. Huayue Nickel Cobalt (Indonesia) Co., Limited and the expected demand of CATL Group for such products.

In respect of lithium products, the Group has made reference to its collaboration with CATL Group to jointly develop two large brines within the border of Bolivia and build lithium extraction plants on Bolivia's giant salt flats in January 2023 in estimating the proposed annual caps of the lithium products to be sold by CMOG Limited Group to CATL Group.

- (b) the estimated unit market price for copper, cobalt, nickel and lithium products for the three years ending 31 December 2027, which is based on (i) the international market price of copper cathode in 2023 as disclosed in the 2023 Annual Report; (ii) the international market price of cobalt metal in 2023 as disclosed in the 2023 Annual Report, multiplied by the pricing coefficient of 60% to reflect, among other things, the difference in the metal content percentage and the impurity element content in the metals; and (iii) the international market price of nickel metal in 2023 as disclosed in the 2023 Annual Report, multiplied by the pricing coefficient of 70% to reflect, among other things, the difference in the metal content percentage and the impurity element content in the metals.

The proposed annual caps are then arrived at by the estimated quantity of copper, cobalt, nickel and lithium products to be supplied by CMOG Limited Group to CATL Group for the three years ending 31 December 2027 multiplied by the respective unit market price of copper, cobalt, nickel and lithium products, plus a 10% buffer for fluctuation in the price for copper, cobalt, nickel and lithium products in the future.

Products to be purchased by CMOG Limited Group from CATL Group

The following factors have been taken into account in determining the proposed annual caps for the three years ending 31 December 2027:

- (a) the possible amount of copper and nickel products to be purchased by CMOG Limited Group from CATL Group during its trading process.

The Group, through IXM, engages in metal trading as part of its ordinary and usual course of business. Copper and nickel products are among the commodities traded by IXM during its ordinary and usual course of business.

For the nickel products, the Company believes that the growth rate of nickel demand for stainless steel is relatively stable, while the nickel demand for power battery is its main source of growth, which would support the steady and sustainable market demand for nickel products. At the same time, the nickel inventories on the exchanges remain at a relatively low level, which will form an underlying support for nickel prices. For the copper products, the Company takes into consideration the estimated production volume of copper products of CATL Group in the future as well as the strategic procurement allocation of the Group in terms of the copper products. Therefore, the quantity of nickel and copper products to be purchased by CMOG Limited Group from CATL Group for the three years ending 31 December 2027 is estimated based on (i) the average production capacity of CATL Group; and (ii) the expected maximum amount to be purchased by CMOG Limited Group.

- (b) the estimated unit market price for nickel and copper products for the three years ending 31 December 2027, which is based on (i) the international market price of nickel metal in 2023 as disclosed in the 2023 Annual Report, multiplied by the pricing coefficient of 70% to reflect, among other things, the difference in the metal content percentage and the impurity element content in the metals; and (ii) the international market price of copper cathode in 2023 as disclosed in the 2023 Annual Report.

The proposed annual caps are then arrived at by the estimated quantity of nickel and copper products to be purchased by CMOC Limited Group for the three years ending 31 December 2027 multiplied by the unit market price of nickel and copper products, respectively, plus a 10% buffer for fluctuation in the price for nickel and copper products in the future.

Interests to be paid by CMOC Limited Group to CATL Group in relation to the prepayment

The following factors have been taken into account in determining the proposed annual caps for the three years ending 31 December 2027:

- (a) the estimated outstanding balance as of 1 January 2024 for the prepayment made by CATL Group to CMOC Limited Group in 2023;
- (b) an estimated annual interest rate of approximately 5.00%, which is determined with reference to the range of the interest rate for long-term borrowing of the Group;
- (c) the arrangement of reducing principal amount of prepayment through the sale of copper, cobalt, nickel and lithium products by CMOC Limited Group to CATL Group for the three years ending 31 December 2027; and
- (d) a 10% buffer for fluctuation in the outstanding balance for the prepayment made by CATL Group to CMOC Limited Group in the three years ending 31 December 2027 resulted from the *ad hoc* purchases to be made by CATL Group.

Reasons for and Benefits of the CATL Product Sales and Procurement Framework Agreement

CATL is a global leader of new energy innovative technologies and a leading player in the battery industry of China. Copper, cobalt, nickel and lithium are strategic and critical battery materials. The Company has established a strategic partnership with CATL to jointly develop KFM Copper and Cobalt Mine. In order to consolidate the strategic partnership with CATL and expand its supplier base, the Company decided to directly purchase nickel products produced by CATL Group from CATL Group. Such nickel products are different from the nickel products to be sold by the Group to CATL in terms of production processes, standards, qualities and applications.

In addition, nickel and copper products are among the commodities traded by IXM during its ordinary and usual course of business. CATL Group is one of market players in the international trading market for such nickel and copper products. Through metal trading, the Group is able to respond to changes in price and market demands for metal products and timely adjust to its operations, thus hedging the fluctuations brought by the business cycle of the conventional resources business.

By entering into the CATL Product Sales and Procurement Framework Agreement, the Company would be able to strengthen the strategic cooperation relationship with CATL Group, which is conducive for the Group’s formulation of its new energy industrial layout.

The Directors (excluding the independent non-executive Directors, who will give their opinion after taking into account of the recommendations from the Independent Financial Adviser) are of the view that the CATL Product Sales and Procurement Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

III. THE KFM CONTINUING CONNECTED TRANSACTIONS

Principle Terms of the KFM Sales and Procurement Framework Agreement

Parties	(a) the Company; (b) KFM Holding; and (c) KFM Mining
Term	From 1 January 2025 to 31 December 2027, conditioned upon the parties obtaining their own necessary authorization or approval, respectively, in accordance with the relevant provisions in their own articles of association or constitutional or similar documents and applicable listing rules
Subject Matter	(i) CMOC Group agrees to purchase and KFM Group agrees to sell copper and cobalt products; (ii) CMOC Group agrees to sell and KFM Group agrees to purchase the equipment, materials, relevant services, etc.
Subsequent Agreements	Members of CMOC Group and KFM Group will enter into the subsequent agreement with respect of each transaction contemplated under the KFM Sales and Procurement Framework Agreement according to the principles prescribed thereunder (the “ KFM Subsequent Agreement(s) ”).

Pricing Policies

(1) As for the products the products to be purchased by CMOG Group from KFM Group

It is agreed that the price for each lot of the products purchased by CMOG Group under each KFM Subsequent Agreement should be determined on the basis of market-based pricing principle, subject to certain adjustments mainly involving the cost of funds, the basic pricing coefficient, the moisture content, the percentage of metal content and the impurity element content in the metals. The agreed price shall be determined after arm's length negotiation between parties to the agreement to ensure that the price is fair and reasonable and on normal commercial terms.

The market price of copper and cobalt products will be referred to (i) the copper price quoted by LME (<https://www.lme.com/>); or (ii) the cobalt price of quoted by Fastmarkets (<https://www.fastmarkets.com/>) multiplied by the relevant price coefficient. The price will be determined with reference to the sales price charged by other well-known mining companies in the place of sale or receiving market, as well as recognized commodity trading indexes comparable to LME or Fastmarkets (such as SMM Information & Technology Co., Ltd., Shanghai Futures Exchange or the Chicago Mercantile Exchange).

Pursuant to the KFM Subsequent Agreement, if CMOG Group shall make prepayment for certain proposed transactions, KFM Group shall pay interests on such prepayments. The interest rate will be determined by the parties to the agreement upon amicable negotiations with reference to the US\$ Secured Overnight Financing Rate (SOFR) and the interest rates of the medium and long term loans granted by third party financial institutions to CMOG Group plus a margin of 2% to 6%, taking into account the factors including the regulatory requirement and US\$ financing costs in the DRC, the return on deposit funds, and the Federal Reserve's view on the trend of interest rates. *

* KFM Group is a subsidiary of the Company. Considering the bulk nature of the metal products, therefore it is an industry norm for both parties to reach a prepayment agreement in usual course of business. CMOG Group provides prepayment with reference to the market interest rate (referred as the interest rate pricing mentioned above). For further details of the prepayment and its interest rate, please refer to the section headed "Interests to be paid by KFM Group to CMOG Limited Group in relation to the prepayment" below.

(2) As for the equipment, materials, relevant services, etc. to be provided by CMOC Group to KFM Group

Equipment, materials, relevant services, etc. to be provided by CMOC Group, leveraging the strength of its own global platform of centralized procurement, to KFM Group include the following:

(i) pumps, valves, transformers, construction vehicles, and other equipment and relevant services; and (ii) sulfur, magnesium oxide, steel balls, sodium hydroxide, and other materials and relevant services. The price for each lot of equipment, materials, relevant services, etc. sold by CMOC Group under each KFM Subsequent Agreement will be adjusted based on factors including the market price, the actual quality and the delivery method, and by adding or subtracting costs incurred in related logistical processes. If there is no comparable market price, the price shall be determined in accordance with the principle of reasonable cost plus reasonable profit, and the agreed price shall be determined after arm's length negotiation between the parties to the agreement to ensure that the price in relation to the above transactions is fair and reasonable and on normal commercial terms.

Historical Transaction Amounts and Annual Caps

The historical transaction amounts under the KFM Sales and Procurement Framework Agreement are as follows:

	For the Year Ended 31 December 2023	For the Eight Months Ended 31 August 2024
	<i>(US\$ million)</i>	
Products to be purchased by CMOC Group from KFM Group	1,158.33	1,686.50
Equipment, materials, relevant services, etc. to be provided by CMOC Group to KFM Group	192.95	257.56
Interests to be paid by KFM Group to CMOC Group in relation to the prepayment	3.98	–

The proposed annual caps for the continuing connected transactions contemplated under the KFM Sales and Procurement Framework Agreement for the three years ending 31 December 2027 are set out as follows:

	Proposed Annual Caps for the Year Ending 31 December		
	2025	2026	2027
	<i>(US\$ million)</i>		
Products to be purchased by CMOC Group from KFM Group	3,500	3,800	5,000
Equipment, materials, relevant services, etc. to be provided by CMOC Group to KFM Group	1,400	1,000	1,000
Interests to be paid by KFM Group to CMOC Group in relation to the prepayment	45	45	45

Basis for Determining the Proposed Annual Caps

Products to be purchased by CMOC Group from KFM Group

The following factors have been taken into account in determining the proposed annual caps for the three years ending 31 December 2027:

- (a) the estimated quantity of copper and cobalt products to be purchased by CMOC Group from KFM Group, which is determined based on the estimated production volume of copper and cobalt products of KFM Group in the future as well as the expected demand of the Group in terms of the such products provided by KFM Group.

It is expected that KFM Copper and Cobalt Mine's average annual production capacity of copper products and cobalt products will reach approximately 170,000 tonnes and 82,000 tonnes respectively for the two years ending 31 December 2026, respectively, and Phase II of KFM Copper and Cobalt Mine will be put into production in 2027, further increasing the average production capacity of copper products and cobalt products for the year ending 31 December 2027. In order to take advantage of the opportunities from the global strategy of carbon neutrality and carbon peaks and to realize the vision and goals, the Company has formulated a development path by expediting the construction and production of the two world-class projects, TFM and KFM Copper and Cobalt Mine. As KFM Copper and Cobalt Mine is one of the Group's important resources and reserves of copper and cobalt products, the Group intends to purchase most of the copper and cobalt products produced by KFM Copper and Cobalt Mine to ensure the stability of the Group's daily business and meet the growing market demand.

- (b) the estimated unit market price for copper and cobalt products for the three years ending 31 December 2027, which is based on (i) the international market price of copper cathode in 2023 as disclosed in the 2023 Annual Report; and (ii) the international market price of cobalt metal in 2023 as disclosed in the 2023 Annual Report, multiplied by the pricing coefficient of 60% to reflect, among other things, the difference in the metal content percentage and the impurity element content in the metals.

The proposed annual caps are then arrived at by the estimated quantity of copper and cobalt products to be supplied by KFM Group to CMOC Group for the three years ending 31 December 2027 multiplied by the respective unit market price of copper and cobalt products, plus a 10% buffer for fluctuation in the price for copper and cobalt products in the future.

Equipment, materials, relevant services, etc. to be provided by CMOC Group to KFM Group

The following factors have been taken into account in determining the proposed annual caps for the three years ending 31 December 2027:

- (a) the expected demand of the KFM Group on the equipment, materials, relevant services, etc. provided by CMOC Group, taking into account Phase II of KFM Copper and Cobalt Mine which is expected to be put into production in 2027;
- (b) the historical transaction amounts regarding the equipment, materials, relevant services, etc. provided by CMOC Group to KFM Group; and
- (c) a 10% buffer for the fluctuation caused by the inflation and increasing administrative cost for human resources.

Interests to be paid by KFM Group to CMOC Group in relation to the prepayment

The following factors have been taken into account in determining the proposed annual caps for the three years ending 31 December 2027:

- (a) the maximum prepayment of approximately US\$400 million to be made by CMOC Group to KFM Group;
- (b) the estimated annual interest rate of approximately 11% considering the relatively high financing costs in the DRC; and
- (c) the arrangement of reducing principal amount of prepayment through the sale of copper and cobalt products by KFM Group to CMOC Group for the three years ending 31 December 2027.

The prepayment to be made was determined after negotiations with KFM Group based on the expected average production capacity of KFM Group and the corresponding expected demand of CMOC Group. It is expected that the relevant prepayment will be made by CMOC Group by the end of 2024 and both parties agreed to reduce its principal amount through the sale of copper and cobalt products by KFM Group to CMOC Group for the three years ending 31 December 2027.

Reasons for and Benefits of the KFM Sales and Procurement Framework Agreement

KFM Copper and Cobalt Mine is one of the world's largest, highest-grade copper and cobalt deposit. By entering into the KFM Sales and Procurement Framework Agreement, the Company would be able to ensure the stableness of the Group's daily business and satisfy future demand of the Group from time to time, which is in the overall interests of the Group. Restricted by the limited level of local industrial development, KFM Group must import some necessary manufacturing equipment, materials and related services from overseas. Against this background, in order to reduce production costs, the Company decided to provide relevant manufacturing equipment, materials and services to KFM Group by utilizing its own global procurement platform. The Company's current annual cap is determined based on KFM Copper and Cobalt Mine's preliminary production plan.

The Directors (excluding the independent non-executive Directors, who will give their opinion after taking into account of the recommendations from the Independent Financial Adviser) are of the view that the KFM Sales and Procurement Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In addition, the copper and cobalt products sold to CATL from CMOC Limited are not necessarily from the copper and cobalt products purchased from KFM Group. KFM Holding and KFM Mining are subsidiaries of the Group, therefore CMOC Group's purchase from KFM Group is an intra-group transaction but not a resale arrangement.

IV. INTERNAL CONTROL MEASURES

In order to effectively implement the Agreements, the Company has adopted the following internal control measures:

- (1) The Company has designated a specific department to monitor the market price of the products, equipment, materials and relevant services provided or purchased.
 - As for the products to be provided by CMOC Limited Group to CATL Group under the CATL Product Sales and Procurement Framework Agreement, the department will (i) check the quotations of copper, cobalt, nickel and lithium products which are of the similar quality as those provided by CMOC Limited Group on the websites of <https://www.lme.com/>, <https://www.fastmarkets.com/>, <https://www.mysteel.net/>, <https://www.gfex.com.cn/> and <https://www.smm.cn/> on a daily basis before the entering into of each CATL Subsequent Agreement; and (ii) check the final contract price of the copper, cobalt, nickel and lithium products offered to other third parties by CMOC Limited Group from time to time; and

- As for (i) the products to be provided by CATL Group to CMOC Limited Group under the CATL Product Sales and Procurement Framework Agreement and (ii) the products to be provided by KFM Group to CMOC Group under the KFM Sales and Procurement Framework Agreement, the department will (i) check the quotations of copper, cobalt, and nickel products which are of the similar quality as those provided by KFM Group to CMOC Group on the websites of <https://www.lme.com/>, <https://www.fastmarkets.com/>, <https://www.mysteel.net/> and <https://www.smm.cn/> on a daily basis before the entering into of each CATL Subsequent Agreement and KFM Subsequent Agreement; (ii) check the final contract prices of copper, cobalt and nickel products offered by third parties to CMOC Group from time to time and (iii) regularly monitor and collect detailed information on the price of the equipment, materials and relevant services to be provided by CMOC Group to KFM Group and compare with the market price and the quotations offered by the comparable independent third parties.
- (2) The Company's auditor and the independent non-executive Directors will conduct annual review on the pricing principles, transaction terms and the proposed annual caps under the Agreements.
 - (3) Subsequently, the Company will monitor the annual caps and reasonableness and fairness under the Agreements according to KFM Copper and Cobalt Mine's actual production situation, estimated demand for equipment and materials, relevant prices provided by third-party suppliers, and whether it is cost- and time-effective for the global procurement platform to provide the required manufacturing equipment and materials to KFM Group, etc.

V. IMPLICATIONS UNDER THE LISTING RULES

As at the date of the Announcement, CATL is a substantial shareholder of the Company and therefore is a connected person of the Company under Chapter 14A of the Listing Rules. KFM Holding is ultimately owned as to 75% and 25% by the Company and CATL, respectively, and KFM Mining is a subsidiary of KFM Holding. KFM Holding and KFM Mining are therefore connected persons of the Company under Chapter 14A of the Listing Rules by virtue of being connected subsidiaries of the Company. Thus, the transactions contemplated under (i) the CATL Product Sales and Procurement Framework Agreement between CMOC Limited Group and CATL Group; and (ii) the KFM Sales and Procurement Framework Agreement between CMOC Group and KFM Group shall constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratios in respect of the proposed annual caps of (i) the transactions under the CATL Product Sales and Procurement Framework Agreement; and (ii) the transactions under the KFM Sales and Procurement Framework Agreement exceed 5%, such transactions would constitute non-exempt continuing connected transactions of the Company under Chapter 14A of the Listing Rules, and are subject to the reporting, announcement, annual review, circular (including independent financial advice) and the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Lin Jiuxin and Mr. Jiang Li, both have offices in CATL and/or its associates, and in order to avoid the perception of a conflict of interest, each of them had abstained from voting on the Board resolutions to approve the Agreements. Save as disclosed above, none of the other Directors has a material interest in the Agreements or holds any position in CATL and/or its associates which would require them to abstain from voting on the relevant Board resolutions.

VI. THE EGM

The Company will convene an EGM to obtain the approval from the Independent Shareholders in respect of the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto).

CATL and its associates, being connected persons of the Company, held 5,329,780,425 Shares which accounts for approximately 24.68% of the Company's total share capital as at the date of this announcement, will abstain from voting at the EGM on the ordinary resolutions to approve the Agreements and the transactions contemplated thereunder (including the proposed annual caps thereto). The relevant resolutions to be proposed at the EGM will be voted on by poll in compliance with the Listing Rules.

Save as disclosed above and to the best knowledge of the Directors, as at the date of this announcement, no other Shareholder has a material interest in the Agreements and the transactions contemplated thereunder, and therefore no other Shareholder is required to abstain from voting on relevant resolutions at the EGM.

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee (comprising Mr. Wang Kaiguo, Ms. Gu Hongyu and Mr. Cheng Gordon, all of whom are independent non-executive Directors) has been formed to advise and provide recommendations to the Independent Shareholders in respect of the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto).

In addition, the Company has appointed Rainbow Capital as the Independent Financial Adviser to make recommendations to the Independent Board Committee and the Independent Shareholders as to whether the terms of the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto) are fair and reasonable, on normal commercial terms or better and in the ordinary and usual course of business of the Group, and whether they are in the interests of the Company and the Shareholders as a whole.

Despatch of Circular

A circular containing, among other things, (i) a letter from the Board setting out further details on the Agreements and the proposed transactions contemplated thereunder; (ii) a letter from the Independent Board Committee; (iii) a letter from the Independent Financial Adviser; and (iv) a notice of the EGM, is expected to be despatched to the Shareholders on or before 18 November 2024.

The Shareholders and potential investors of the Company should refer to the circular for further information.

VII. GENERAL INFORMATION

CMOC Limited

CMOC Limited is a wholly-owned subsidiary of the Company and was established under the laws of Hong Kong with limited liability. It mainly engages in investment holding activities and serves as the Group's trade centre to coordinate and allocate raw materials produced by the Group.

KFM Holding

KFM Holding is a company incorporated in Hong Kong with limited liability. As at the date of this announcement, it is ultimately controlled as to 75% and 25% by the Company and CATL, respectively, and therefore a connected person of the Company. It mainly engages in investment holding activities.

KFM Mining

KFM Mining is a company incorporated in Democratic Republic of the Congo with limited liability. As at the date of this announcement, it is a subsidiary of KFM Holding and a connected person of the Company. It mainly engages in mining and processing activities.

CATL

CATL is a joint stock company established in the PRC with limited liability, the A shares of which are listed and traded on the Shenzhen Stock Exchange (stock code: 300750). It mainly engages in the research and development, production and sales of power batteries and energy storage batteries. As of the date of this announcement, CATL indirectly owned 24.68% equity interests in the Company.

The Company

The Company is a joint stock company established in the PRC with limited liability, the H Shares and A Shares of which are listed and traded on the main boards of the Stock Exchange (stock code: 03993) and the SSE (stock code: 603993), respectively. The controlling shareholder of the Company is Cathay Fortune Corporation. The Group mainly engages in the mining and processing business, which includes mining, beneficiation, smelting and refining of base and rare metals, and mineral trading business.

DEFINITIONS

Unless the context otherwise requires, the following expressions in this announcement shall have the following meanings:

“2023 Annual Report”	the annual report of the Company for the year ended 31 December 2023 published on 25 April 2024
“A Share(s)”	domestic share(s) with a nominal value of RMB0.20 each issued by the Company which are listed on the SSE and traded in RMB (stock code: 603993)
“A Shareholder(s)”	holder(s) of A Shares
“Agreements”	the CATL Product Sales and Procurement Framework Agreement and the KFM Sales and Procurement Framework Agreement
“Board”	the board of Directors
“CATL”	Contemporary Amperex Technology Co., Limited
“CATL Continuing Connected Transactions”	the transactions between CMOC Limited Group and CATL Group under the CATL Product Sales and Procurement Framework Agreement
“CATL Group”	CATL and its subsidiaries, associates and affiliates
“CATL Product Sales and Procurement Framework Agreement”	the product sales and procurement framework agreement to be entered into between CMOC Limited and CATL
“CMOC Group”	the Company and its subsidiaries, excluding KFM Group
“CMOC Limited”	CMOC Limited, a company incorporated in Hong Kong with limited liability, which is a wholly-owned subsidiary of the Company as at the date of this announcement
“CMOC Limited Group”	CMOC Limited and its subsidiaries
“Company”	CMOC Group Limited* (洛陽樂川鋁業集團股份有限公司), a joint stock company incorporated in the PRC with limited liability, the A Shares and H Shares of which are listed on the SSE and the Stock Exchange, respectively

“Director(s)”	the director(s) of the Company
“EGM”	the extraordinary general meeting of the Company to be convened, among other things, for the Independent Shareholders to consider and, if thought fit, approve the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto), and any adjournment thereof
“Group”	the Company and its subsidiaries
“H Share(s)”	overseas listed foreign share(s) with a nominal value of RMB0.20 each in the share capital of the Company which are listed on the main board of the Stock Exchange and are traded in Hong Kong dollars
“H Shareholder(s)”	holder(s) of H Shares
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	an independent committee of the Board comprising Mr. Wang Kaiguo, Ms. Gu Hongyu and Mr. Cheng Gordon, the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto)
“Independent Financial Adviser” or “Rainbow Capital”	Rainbow Capital (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto)
“Independent Shareholders”	Shareholders other than CATL and its associates
“IXM”	IXM Holding S.A., which is a wholly-owned subsidiary of the Company. Reference to IXM also includes its subsidiaries and affiliates

“KFM” or “KFM Mining”	CMOC KISANFU MINING SARL, a company incorporated in Democratic Republic of the Congo with limited liability, which is a subsidiary of KFM Holding
“KFM Continuing Connected Transactions”	the transactions between CMOC Group and KFM Group under the KFM Sales and Procurement Framework Agreement
“KFM Copper and Cobalt Mine”	Kisanfu Copper and Cobalt Mine Area located in Congo (DRC)
“KFM Group”	KFM Holding and KFM Mining and their respective subsidiaries
“KFM Holding”	KFM Holding Limited, a company incorporated in Hong Kong with limited liability, which is ultimately controlled as to 75% and 25% by the Company and CATL, respectively, as at the date of this announcement
“KFM Sales and Procurement Framework Agreement”	the product sales and procurement framework agreement to be entered into by the Company, KFM Holding and KFM Mining
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“LME”	London Metal Exchange
“PRC” or “China”	the People’s Republic of China, for the purposes of this announcement, excluding Hong Kong and the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	A Share(s) and H Share(s)
“Shareholder(s)”	holder(s) of Shares, including both A Shareholder(s) and H Shareholder(s)
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“TFM”	Tenke Fungurume Mining S.A. (DRC)
“US\$”	United States dollars, the lawful currency of the United States of America
“%”	per cent

In addition, the terms “associate”, “connected person”, “connected subsidiary(ies)”, “connected transaction”, “continuing connected transaction”, “controlling shareholder”, “percentage ratio(s)”, “subsidiary(ies)” and “substantial shareholder” shall have the meanings ascribed to them under the Listing Rules.

By Order of the Board
CMOC Group Limited*
Yuan Honglin
Chairman

Luoyang City, Henan Province, the PRC, 28 October 2024

As at the date of this announcement, the Company’s executive Directors are Mr. Sun Ruiwen and Mr. Li Chaochun; the non-executive Directors are Mr. Yuan Honglin, Mr. Lin Jiuxin and Mr. Jiang Li; and the independent non-executive Directors are Mr. Wang Kaiguo, Ms. Gu Hongyu and Mr. Cheng Gordon.

* *For identification purposes only*