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

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

(Stock Code: 01258)

**CONTINUING CONNECTED TRANSACTIONS
IN RESPECT OF THE HUACHIN COBALT PRODUCTS
SUPPLY FRAMEWORK AGREEMENT**

CONTINUING CONNECTED TRANSACTIONS

On 4 November 2022, the Company and Huachin entered into the Huachin Cobalt Products Supply Framework Agreement in respect of the supply of cobalt products, pursuant to which the Company agreed to sell, or procure its subsidiaries to sell, cobalt products to Huachin Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Huachin is wholly-owned by an associate of Mr. Siu Kam NG. As Mr. Siu Kam NG is a director of Huachin Leach and CNMC Huachin Mabende, each a subsidiary of the Company, and indirectly owns 32.5% and 35% equity interests in Huachin Leach and CNMC Huachin Mabende, respectively, Mr. Siu Kam NG is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Therefore, Huachin, being an associate of Mr. Siu Kam NG, is also a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the Huachin Cobalt Products Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the Huachin Cobalt Products Supply Framework Agreement together with the transactions under the 2020 Huachin Copper Supply Framework Agreement, calculated on an aggregated basis pursuant to Rule 14A.81 of the Listing Rules, exceed 5%, such transactions and the proposed annual caps are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, given that the Board has approved the transactions under the Huachin Cobalt Products Supply Framework Agreement and the proposed annual caps of such transactions, and the independent non-executive Directors have confirmed that the terms of such transactions and the proposed annual caps of the transactions are fair and reasonable, the transactions are on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, therefore, the transactions and the proposed annual caps of the transactions are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

THE HUACHIN COBALT PRODUCTS SUPPLY FRAMEWORK AGREEMENT

On 4 November 2022, the Company and Huachin entered into the Huachin Cobalt Products Supply Framework Agreement in respect of the supply of cobalt products for a term from 4 November 2022 to 31 December 2023. During this term, the Company and Huachin may enter into separate specific agreement(s) from time to time in respect of the supply of cobalt products upon and subject to the terms and conditions in compliance with the Agreement. The Agreement could be extended/renewed for three (3) years upon the mutual agreement of the parties and in compliance with the Listing Rules.

Further details and particulars of the Huachin Cobalt Products Supply Framework Agreement are set forth below:

Parties

- (1) The Company
- (2) Huachin

Subject Matter

Pursuant to the Huachin Cobalt Products Supply Framework Agreement, the Company agreed to sell, or procure its subsidiaries to sell, cobalt metal products including cobaltous hydroxide to Huachin Group.

The quantity of each type of cobalt products to be sold to the Huachin Group is not fixed under the terms of the Huachin Cobalt Products Supply Framework Agreement but is to be determined and agreed between the relevant parties from time to time. Either party may terminate any specific agreement entered into pursuant to the Huachin Cobalt Products Supply Framework Agreement (but excluding the Huachin Cobalt Products Supply Framework Agreement) by giving the other party no less than one month's prior written notice, and it shall be effective upon agreement of both parties after negotiation.

The Company is not required to sell a minimum amount or any particular type of cobalt products to the Huachin Group during the term of the Agreement.

Pricing basis

The consideration of the cobalt products to be supplied under the Huachin Cobalt Products Supply Framework Agreement will be determined with reference to the prevailing market price of the cobalt products at the time of each specific agreement to be entered into pursuant to the Huachin Cobalt Products Supply Framework Agreement. The prevailing market price refers to (in order of sequence) (1) the monthly average of official quoted price or settlement price of cobalt on London Metal Bulletin; or (2) the monthly average of official quoted price or settlement price of cobalt on the Shanghai Futures Exchange; or (3) when the market price of cobalt products at the place of sale or the receiving market could not be reflected under (1) and (2) above, the price reasonably determined by both parties after making reference to the monthly average price at the place of sale or the receiving market.

The Group had not encountered in the past the situation when the quoted price of London Metal Bulletin cannot reflect the local market price.

Proposed Annual Caps and Basis of Determination

The proposed annual caps for the transactions under the Huachin Cobalt Products Supply Framework Agreement for the two years ending 31 December 2023 and the basis of determination of such proposed annual caps are set out as follows:

	For the year ending 31 December	
	2022	2023
	<i>(US\$)</i>	<i>(US\$)</i>
Proposed annual caps	10,800,000	23,400,000

The above annual caps were determined with reference to the factors including: (i) the Group's estimated production capacity and volume of cobalt products; (ii) the demand for cobalt products to be purchased by Huachin Group from the Group, which is expected to be approximately 150t for the year ending 31 December 2022 and approximately 300t for the year ending 31 December 2023; and (iv) reasonably estimated prices of the cobalt products for the two years ending 31 December 2023 (approximately US\$72,000 per tonne and US\$78,000 per tonne, respectively). These estimated prices are determined with reference to the cobalt prices forecasted by the Capital Economics Limited and the Royal Bank of Canada.

The historical transaction amount for the transactions contemplated under the Agreement for the past three years and for the period of the year 2022 up to the date of this announcement was nil.

Payment terms

The payment terms shall be as agreed and detailed in the specific agreements. In relation to the sale of cobalt products to Huachin Group, the payment terms are determined on a Free Carrier (FCA) basis (that is, the Group is required to deliver the cobalt products to the carrier at the Group's plants and the risks are transferred to Huachin Group after delivery to the carrier). Huachin Group shall make advance payment for a portion of cobalt products and the remaining balance shall be paid by wire transfer. The Directors are of the view that such payment terms are in line with market practice and the payment terms with the Company's independent third party customers.

REASONS FOR AND BENEFIT OF ENTERING INTO THE HUACHIN COBALT PRODUCTS SUPPLY FRAMEWORK AGREEMENT

Huachin is engaged in the trade of nonferrous metals products such as copper, cobalt, and has a relatively mature sales and marketing system in the DRC. The entering into of an agreement between the Company and the connected party is beneficial for the expansion of business channel of the Company in the DRC market, extending range of customer base and improving the stability of product sales of the Company under special circumstances. Therefore, the Directors believe that the entering into of the Huachin Cobalt Products Supply Framework Agreement is conducive to the market expansion of the Group, and is in line with the business and commercial objectives of the Group.

LISTING RULES IMPLICATIONS

As at the date of this announcement, Huachin is wholly-owned by an associate of Mr. Siu Kam NG. As Mr. Siu Kam NG is a director of Huachin Leach and CNMC Huachin Mabende, each a subsidiary of the Company, and indirectly owns 32.5% and 35% equity interests in Huachin Leach and CNMC Huachin Mabende, respectively, Mr. Siu Kam NG is a connected person of the Company at the subsidiary level under Chapter 14A of the Listing Rules. Therefore, Huachin, being an associate of Mr. Siu Kam NG, is also a connected person of the Company at the subsidiary level under the Listing Rules. Accordingly, the transactions contemplated under the Huachin Cobalt Products Supply Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the proposed annual caps in respect of the transactions contemplated under the Huachin Cobalt Products Supply Framework Agreement together with the transactions under the 2020 Huachin Copper Supply Framework Agreement, calculated on an aggregated basis pursuant to Rule 14A.81 of the Listing Rules, exceed 5%, such transactions and the proposed annual caps are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. However, given that the Board has approved the transactions under the Huachin Cobalt Products Supply Framework Agreement and the proposed annual caps of such transactions, and the independent non-executive Directors have confirmed that the terms of such transactions and the proposed annual caps of the transactions are fair and reasonable, the transactions are on normal commercial terms or better and in the interests of the Company and its Shareholders as a whole, therefore, the transactions and the proposed annual caps of the transactions are exempt from the circular, independent financial advice and shareholders' approval requirements under Rule 14A.101 of the Listing Rules.

DIRECTORS' CONFIRMATION

The Directors (including the independent non-executive Directors) are of the view that the Huachin Cobalt Products Supply Framework Agreement and the continuing connected transactions contemplated thereunder are in the usual and ordinary 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.

None of the Directors has a material interest in the Huachin Cobalt Products Supply Framework Agreement and the transactions contemplated thereunder, therefore, pursuant to the articles of association of the Company and the Listing Rules, none of the Directors of the Company is required to abstain from voting on the relevant resolutions of the Board to approve the Huachin Cobalt Products Supply Framework Agreement, the continuing connected transactions contemplated thereunder and their proposed annual caps.

GENERAL INFORMATION

The principal business of the Company is investment holding. The Company's subsidiaries are principally engaged in exploration of copper and cobalt metal, mining, ore processing, leaching, smelting and sales of copper cathodes, blister copper and copper anodes, cobalt contained in cobalt hydroxide, sulfuric acid and liquid sulphur dioxide. China Nonferrous Metal Mining (Group) Co., Ltd* (中國有色礦業集團有限公司), the controlling shareholder of the Company, is wholly-owned and administered by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC and is principally engaged in the development, construction and engineering of nonferrous metal mineral resources as well as related trade and services.

Huachin is a Hong Kong-based company which is mainly engaged in the procurement, logistics and transportation services of various forms of products (from raw materials to refined products), commodity processing or refining, and the sales of such products worldwide. As at the date of this announcement, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries and based on the information obtained by the Company, the ultimate beneficial owner of Huachin was Mr. Ho Lun NG who is principally engaged in the non-ferrous industry for over five years, has been active in the real estate market and directly owns the entire issued share capital of Huachin. Mr. Siu Kam NG, a connected person of the Company at the subsidiary level, is the father of Mr. Ho Lun NG.

DEFINITIONS

“2020 Huachin Copper Supply Framework Agreement”	the framework agreement dated 30 October 2020 between the Company and Huachin in relation to the supply of the copper products. For relevant details, please refer to the Company's announcements dated 30 October 2020 and 9 September 2021, respectively
“associate”	has the meaning ascribed thereto in the Listing Rules
“Board”	the board of Directors of the Company
“Capital Economics Limited”	one of the leading independent economic research companies in the world whose team provides award-winning macroeconomic, financial market and sector analysis, forecasts and consultancy, while holding the membership of the European Association of Independent Research Providers and the Society of Professional Economists
“CNMC Huachin Mabende”	CNMC Huachin Mabende Mining SA (中色華鑫馬本德礦業股份有限公司*), a company incorporated under the laws of the DRC and a subsidiary of the Company

“Company”	China Nonferrous Mining Corporation Limited (中國有色礦業有限公司), a company incorporated in Hong Kong with limited liability, whose shares are listed on the Stock Exchange
“continuing connected transaction(s)”	has the meaning ascribed thereto in the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto in the Listing Rules
“Director(s)”	director(s) of the Company
“DRC”	the Democratic Republic of Congo
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Huachin”	Huachin International Trading Limited, a company incorporated in Hong Kong with limited liability
“Huachin Cobalt Products Supply Framework Agreement” or “Agreement”	the framework agreement dated 4 November 2022 between the Company and Huachin in relation to the supply of the cobalt products
“Huachin Group”	Huachin and its subsidiaries
“Huachin Leach”	Huachin Metal Leach SA (中色華鑫濕法冶煉股份有限公司*), a company incorporated under the laws of the DRC and a subsidiary of the Company
“independent shareholder(s)”	has the meaning ascribed thereto in the Listing Rules
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended from time to time
“London Metal Bulletin”	Metal Bulletin, a premium intelligence service for metal and steel professionals, being part of group of companies of the Euromoney Institutional Investor Plc and a recognized publisher of reference prices for long-term cobalt trading contracts which are timely published on its designated website (www.metalbulletin.com) for subscribed members and publications

“PRC”	the People’s Republic of China, excluding, for the purpose of this announcement only, the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan region of the PRC
“Royal Bank of Canada”	one of Canada’s largest banks and one of the largest banks in the world based on market capitalization, whose research team features over 250 professionals worldwide to help investors understand and assess the market opportunities available and its European subsidiary RBC Europe Limited holds the clearing membership of the London Metal Exchange
“Shanghai Futures Exchange”	the Shanghai Futures Exchange, an exchange for contracts in cobalt and other metals
“Shareholder(s)”	holder(s) of the shares of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed thereto in the Listing Rules
“t”	tonne
“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
Chaoran ZHU and Man Yi WONG
Joint Company Secretaries

Beijing, 4 November 2022

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

* *Translation of Chinese terms for reference only*