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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  
THE CATL PRODUCT SALES AND PROCUREMENT FRAMEWORK  
AGREEMENT  
AND  
THE KFM SALES AND PROCUREMENT  
FRAMEWORK AGREEMENT**

**THE CONTINUING CONNECTED TRANSACTIONS**

On 21 July 2023, the Board approved CMOC Limited, a wholly-owned subsidiary of the Company, to enter into the CATL Product Sales and Procurement Framework Agreement with CATL with a term until 31 December 2023, pursuant to which, (i) CMOC Limited Group agrees to sell and CATL Group agrees to purchase metal products, including copper, cobalt and nickel products; and (ii) CMOC Limited Group agrees to purchase and CATL Group agrees to sell nickel products. As at the date of this announcement, the CATL Product Sales and Procurement Framework Agreement has not been executed yet, and the Company will make an announcement in due course once a definitive agreement is entered into.

On 21 July 2023, the Board approved the Company to enter into the KFM Sales and Procurement Framework Agreement with KFM Holding and KFM Mining, which are both connected subsidiaries of the Company, with a term until 31 December 2023, pursuant to which, (i) CMOC Group agrees to purchase and KFM Group agrees to sell copper and cobalt products; and (ii) CMOC Group agrees to sell and KFM Group agrees to purchase equipment and materials. As at the date of this announcement, the KFM Sales and Procurement Framework Agreement has not been executed yet, and the Company will make an announcement in due course once a definitive agreement is entered into.

## IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CATL is a substantial shareholder of the Company. 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. CATL, KFM Holding and KFM Mining are therefore connected persons of the Company under Chapter 14A of the Listing Rules. 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 ratio in respect of each 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 is more than 0.1% but less than 5%, such transactions are exempt from the independent shareholders' approval but subject to reporting, announcement and annual review requirements under Chapter 14A of the Listing Rules.

### I. THE CATL CONTINUING CONNECTED TRANSACTIONS

On 21 July 2023, the Board approved CMOC Limited, a wholly-owned subsidiary of the Company, to enter into the CATL Product Sales and Procurement Framework Agreement with CATL with a term until 31 December 2023. As at the date of this announcement, the CATL Product Sales and Procurement Framework Agreement has not been executed yet, and the Company will make an announcement in due course once a definitive agreement is entered into.

#### Principle Terms of the CATL Product Sales and Procurement Framework Agreement

<b>Parties</b>	(a) CMOC Limited; and  (b) CATL
<b>Term</b>	From the date of the agreement to 31 December 2023
<b>Subject Matter</b>	(i) CMOC Limited Group agrees to sell and CATL Group agrees to purchase metal products, including copper, cobalt and nickel products; and (ii) CMOC Limited Group agrees to purchase and CATL Group agrees to sell nickel products.
<b>Subsequent Agreements</b>	CMOC Limited Group and CATL Group will enter into the individual subsequent agreements with respect of 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

### ***(1) As for the products to be provided by CMOC Limited Group to CATL Group***

It is agreed that the price for each lot of the products purchased by the 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.

Pursuant to CATL Subsequent Agreement, if CATL Group shall make prepayment for certain transactions, CMOC Limited Group shall pay interests on such prepayments. The interest rate will be determined by both parties to the contract after amicable negotiation, taking into account their respective financing costs, the return on deposit funds, and taking into account the Federal Reserve's view on the trend of interest rates, among other factors.

### ***(2) As for the products to be purchased by CMOC Limited Group from CATL Group***

It is agreed that the price for each lot of the products purchased by CMOC 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.

## Annual Caps and Basis of Determination

The annual caps for the transactions contemplated under the CATL Product Sales and Procurement Framework Agreement for the year ending 31 December 2023 are set out as follows:

	<b>Annual Cap for the Year Ending 31 December 2023 (US\$)</b>
Products to be sold by CMOC Limited Group to CATL Group	260,000,000
Products to be purchased by CMOC Limited Group from CATL Group	10,000,000
Interests to be paid by CMOC Limited Group to CATL Group in relation to the prepayment	80,000,000

The annual caps set out above have been determined after taking into account the following factors: (i) the estimated production volume of copper, cobalt and nickel products of the Group in the future; (ii) the expected demand of CATL Group in terms of the copper, cobalt and nickel products provided by CMOG Limited Group; (iii) the expected demand of CMOG Limited Group in terms of the nickel products provided by CATL Group; and (iv) the acute fluctuation of the price and demand for copper, cobalt and nickel.

**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 and nickel are strategic and critical battery materials. 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 industrial layout.

The Directors (including the independent non-executive Directors) 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.

**II. THE KFM CONTINUING CONNECTED TRANSACTIONS**

On 21 July 2023, the Board approved the Company to enter into the KFM Sales and Procurement Framework Agreement with KFM Holding and KFM Mining, which are both connected subsidiaries of the Company, with a term until 31 December 2023. As at the date of this announcement, the KFM Sales and Procurement Framework Agreement has not been executed yet, and the Company will make an announcement in due course once a definitive agreement is entered into.

**Principle Terms of the KFM Sales and Procurement Framework Agreement**

<b>Parties</b>	(a) the Company;  (b) KFM Holding; and  (c) KFM Mining
<b>Term</b>	From the date of agreement to 31 December 2023
<b>Subject Matter</b>	(i) CMOG Group agrees to purchase and KFM Group agrees to sell copper and cobalt products; (ii) CMOG Group agrees to sell and KFM Group agrees to purchase equipment and materials.

**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 to be purchased by CMOC Group from KFM Group**

It is agreed that the price for each lot of the products purchased by the CMOC 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.

Pursuant to KFM Subsequent Agreement, if CMOC Group shall make prepayment for certain transactions, KFM Group shall pay interests on such prepayments. The interest rate will be determined by parties to the agreement after amicable negotiation, taking into account the regulatory requirement and financing costs in the DRC, the return on deposit funds, and taking into account the Federal Reserve’s view on the trend of interest rates, among other factors.

**(2) As for the equipment and materials to be provided by CMOC Group to KFM Group**

The price for each lot of equipment and materials sold by the 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 the increase or decrease in related logistics costs. If there is no comparable market price, the price shall be determined in accordance with the principle of reasonable cost and 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.

## Annual Caps and Basis of Determination

The annual caps for the transactions contemplated under the KFM Sales and Procurement Framework Agreement for the year ending 31 December 2023 are set out as follows:

	<b>Annual Cap for the Year Ending 31 December 2023</b> <i>(US\$)</i>
Products to be purchased by CMOC Group from KFM Group	670,000,000
Equipment and materials to be provided by CMOC Group to KFM Group	120,000,000
Interests to be paid by KFM Group to CMOC Group in relation to the prepayment	10,000,000

The annual caps set out above have been determined after taking into account the following factors: (i) the estimated production volume of the copper and cobalt products of KFM Group in the future; (ii) the expected demand of the Group in terms of the products provided by KFM Group; (iii) the expected demand of the KFM Group in terms of the equipment and materials provided by Group; and (iv) the acute fluctuation of the price and demand for copper and cobalt.

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

Kisanfu copper and cobalt mine (“KFM”) is one of the world’s largest, highest-grade undeveloped cobalt and copper 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.

The Directors (including the independent non-executive Directors) 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.

### III. INTERNAL CONTROL MEASURES

In order to effectively implement the CATL Product Sales and Procurement Framework Agreement and the KFM Sales and Procurement Framework Agreement, 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 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 and nickel 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/> and <https://www.mysteel.net/> on a daily basis before the entering into of each CATL Subsequent Agreement; and (ii) check the final contract price of the copper, cobalt and nickel 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/> and <https://www.mysteel.net/> on a daily basis before the entering into of each CATL Subsequent Agreement and KFM Subsequent Agreement; and (ii) check the final contract prices of copper, cobalt and nickel products offered by third parties to CMOC Group from time to time.
- (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 CATL Product Sales and Procurement Framework Agreement and the KFM Sales and Procurement Framework Agreement.

### IV. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, CATL is a substantial shareholder of the Company. 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. CATL, KFM Holding and KFM Mining are therefore connected persons of the Company under Chapter 14A of the Listing Rules. 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 ratio in respect of each 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 is more than 0.1% but less than 5%, such transactions are exempt from the independent shareholders' approval but subject to reporting, announcement and annual review 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 CATL Product Sales and Procurement Framework Agreement and the KFM Sales and Procurement Framework Agreement. Save as disclosed above, none of the other Directors has a material interest in the CATL Product Sales and Procurement Framework Agreement or the KFM Sales and Procurement Framework Agreement or holds any position in CATL and/or its associates which would require them to abstain from voting on the relevant Board resolutions.

## **V. 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.

### **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 Shanghai Stock Exchange (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:

“Board”	the board of Directors of the Company
“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 Shanghai Stock Exchange and the Stock Exchange, respectively
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

“KFM Continuing Connected Transactions”	the transactions between CMOC Group and KFM Group under the KFM Sales and Procurement Framework Agreement
“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 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 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 of Hong Kong Limited
“LME”	London Metal Exchange
“PRC”	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)
“Shareholder(s)”	shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

*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, 23 July 2023

*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 Gerry Yougui, Ms. Yan Ye and Mr. Li Shuhua.*

\* *For identification purposes only*