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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
PROPERTY LEASING FRAMEWORK AGREEMENT

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We refer to the announcement of the Company dated 29 January 2021 in relation to the Original Framework Agreement entered into between the Company and Cathay Fortune Corporation. The Original Framework Agreement will expire on 31 December 2023 and the transactions contemplated thereunder will continue to be entered into on a recurring basis.

On 27 October 2023, the Board approved the Company (as the lessee) to enter into the Property Leasing Framework Agreement with Cathay Fortune Corporation (as the lessor) in respect of the property leasing services and relevant property management services provided by Cathay Fortune Corporation to the Group for a term of one year commencing from 1 January 2024 and ending on 31 December 2024. As at the date of this announcement, the above Property Leasing 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 Cathay Fortune Corporation is a controlling shareholder of the Company, it is a connected person of the Company under Rule 14A.07 of the Listing Rules. As such, according to Chapter 14A of the Listing Rules, the transactions contemplated under the Property Leasing Framework Agreement constitute continuing connected transactions of the Company.

As the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) of the highest proposed annual caps for the transactions contemplated under the Property Leasing Framework Agreement is more than 0.1% but less than 5%, such continuing connected transactions are subject to the reporting, annual review and announcement requirements but exempt from the circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

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PRINCIPLE TERMS OF THE PROPERTY LEASING FRAMEWORK AGREEMENT

- Parties:**
- (i) Cathay Fortune Corporation (as the lessor)
 - (ii) the Company (as the lessee)
- Term:** one year commencing from 1 January 2024 and ending on 31 December 2024.
- Subject matter:** Pursuant to the Property Leasing Framework Agreement, Cathay Fortune Corporation will provide property leasing services and relevant property management services to the Group.
- The Group and Cathay Fortune Corporation will enter into individual agreements in respect of the relevant property leasing services and relevant property management services provided, terms and conditions of which shall be consistent with the Property Leasing Framework Agreement.
- The specific amount, timing of payment and payment method of the rent and property services fee payable by the Group to Cathay Fortune Corporation shall be set out in the individual agreements.
- For the year ending 31 December 2024, the estimated highest transaction amount under the Property Leasing Framework Agreement is RMB60 million, including the rent of RMB54 million and relevant property management fee of RMB6 million.
- Pricing Principles:** The rent and property services fee and other terms under the individual agreements shall be fair and reasonable and on normal commercial terms. Specifically, the rent and property services fee shall be determined according to the actual situation of the property and with reference to the market price and comparable prices in similar areas. Especially, the rent shall not exceed the amount of rent to be charged by an independent third party in respect of similar leased properties.

ACCOUNTING METHOD OF LEASE UNDER THE PROPERTY LEASING FRAMEWORK AGREEMENT

The Group implements the Accounting Standards for Business Enterprises No. 21 – Leases (2018 Amendments). At the commencement date of the lease, the Company, as the lessee, shall, in the Company’s consolidated balance sheet, recognize a right-of-use asset representing its right to use the underlying leased assets during the lease term and a lease liability representing its current obligation to make lease payments, except for simplified short-term lease and low-value asset lease. The right-of-use asset shall be initially measured at cost. The lease liability shall be initially measured according to the present value of the lease payment that has not yet been paid at the commencement date of the lease. In accordance with the China Accounting Standards for Business Enterprises and in the Company’s consolidated income statement, the Company shall recognize (i) depreciation charges over the life of the right-of-use asset, and (ii) interest expenses from the lease liability amortized over the lease term.

HISTORICAL FIGURES, ANNUAL CAPS AND BASIS OF DETERMINATION

For the year ending 31 December 2024, the estimated highest transaction amount under the Property Leasing Framework Agreement is RMB60 million, including the rent of RMB54 million and relevant property management fee of RMB6 million.

Property Leasing Services

According to the *FAQs on Notifiable and Connected Transaction Rules relating to Lease Transactions of Listed Issuers adopting HKFRS/IFRS 16 “Leases” (or similar accounting standards in other jurisdictions)* issued by the Hong Kong Stock Exchange, the annual caps for leases under the Property Leasing Framework Agreement should be determined based on the total value of right-of-use assets relating to the leases to be entered into by the Company in the corresponding period. The historical amounts and the proposed annual caps of such right-of-use assets are set out below:

Period	Historical Amounts CNY (0,000’)
From 1 January 2021 to 31 December 2021 (inclusive both days)	10,841.02
From 1 January 2022 to 31 December 2022 (inclusive both days)	9,921.74
From 1 January 2023 to 30 September 2023 (inclusive both days)	7,441.30
Period	Annual Caps CNY (0,000’)
From 1 January 2024 to 31 December 2024 (inclusive both days)	16,000

Property Management Services

There were no historical amount of relevant property management services under the Property Leasing Framework Agreement, the proposed annual caps for 2024 of which are set out below:

Period	Annual Caps <i>CNY (0,000')</i>
From 1 January 2024 to 31 December 2024 (inclusive both days)	600

BASIS OF DETERMINATION OF ANNUAL CAPS

The annual caps set out above have been determined after taking into account: (i) the historical amount of the total value of right-of-use assets relating to the leases entered into by the Company for the relevant periods; (ii) the pricing basis as set out in the Property Leasing Framework Agreement; (iii) the average rent of the similar properties located in the similar area; (iv) the total amount of the right-of-use assets related to the leasing; (v) quotation for similar services from third-party property service providers; and (vi) the Group's demand in entering into new property leases due to the expansion of business.

REASONS FOR AND BENEFITS OF THE PROPERTY LEASING FRAMEWORK AGREEMENT

The Company is of the view that, it is in the overall interests of the Group to enter into the Property Leasing Framework Agreement with Cathay Fortune Corporation, which will ensure the stable development of the Company's business, and at the same time meet the requirements of the Company's internal reorganization and business layout, and help reduce unnecessary additional administrative expenses to a certain extent.

The Board (including the independent non-executive Directors) are of the view that the continuing connected transactions contemplated under the Property Leasing Framework Agreement are entered into in the ordinary and usual course of business of the Company, on normal commercial terms, and are in the interests of the Company and its shareholders as a whole.

Pursuant to the requirements of relevant laws and regulations, the Listing Rules and the articles of association of the Company, when the Board reviewed the resolution in respect of the Property Leasing Framework Agreement, Mr. Yuan Honglin, Mr. Li Chaochun and Mr. Sun Ruiwen as the connected directors, abstained from voting. Save for the above, to the best of Directors' knowledge, information and belief, and after making all reasonable enquiries, no other Director had a material interest in the Property Leasing Framework Agreement or shall abstain from voting on board resolutions approving the Property Leasing Framework Agreement and the transactions contemplated thereunder.

INTERNAL CONTROL MEASURES

In order to effectively implement the Property Leasing Framework Agreement, the Company has adopted the following internal control measures:

- a) the Company has designated a special department to monitor the market price of the rent under the Property Leasing Framework Agreement, including checking (1) the final contract price of the properties leased by the Group from other third parties from time to time, and (2) the general market price of the properties with similar geographical location and quality, so as to ensure that the transactions under the Property Leasing Framework Agreement are conducted in accordance with the normal commercial terms; and

- b) 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 Property Leasing Framework Agreement.

IMPLICATIONS UNDER THE LISTING RULES

As Cathay Fortune Corporation is a controlling shareholder of the Company, it is a connected person of the Company under Rule 14A.07 of the Listing Rules. As such, according to Chapter 14A of the Listing Rules, the transactions contemplated under the Property Leasing Framework Agreement constitute continuing connected transactions of the Company.

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GENERAL INFORMATION

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.

Cathay Fortune Corporation

Cathay Fortune Corporation is a limited liability company incorporated in Shanghai, China. Cathay Fortune Corporation involves industries in data and communication equipment, air transportation, mechanical and electrical automation, mining investment, financial investment, venture capital and other fields. Cathay Fortune Corporation is ultimately controlled by Yu Yong, a natural person.

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
“Cathay Fortune Corporation”	Cathay Fortune Corporation, the controlling shareholder of the Company. As of the date of this announcement, Cathay Fortune Corporation holds 24.69% shares of the Company
“Company”	CMOC Group Limited* (洛陽欒川鉬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

“connected person(s)”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed thereto under the Listing Rules
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“individual agreement(s)”	individual property leasing agreement(s) entered into between the Group and Cathay Fortune Corporation in accordance with the principles set out in the Property Leasing Framework Agreement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Original Framework Agreement”	the property leasing framework agreement entered into between the Company and Cathay Fortune Corporation on 29 January 2021 in respect of the property leasing services provided by Cathay Fortune Corporation to the Group
“PRC” or “China”	the People’s Republic of China, but for the purposes of this announcement only, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“Property Leasing Framework Agreement”	the property leasing framework agreement entered into between the Company and Cathay Fortune Corporation in respect of the property leasing services and relevant property management services provided by Cathay Fortune Corporation to the Group

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

Luoyang City, Henan Province, the People’s Republic of China
27 October 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. Liu 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 purpose only