THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt about this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in CMOC Group Limited*, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

CMOC
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 AND PROPOSED ABSORPTION AND MERGER OF THE WHOLLY-OWNED SUBSIDIARY OF THE COMPANY AND NOTICE OF THE 2023 SECOND EXTRAORDINARY GENERAL MEETING

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

RAINBOW.

RAINBOW CAPITAL (HK) LIMITED
滾 博 資 本 有 限 公 司

A letter from the Board is set out on pages 1 to 24 of this circular. A notice convening the EGM to be held at the conference room, 3rd Floor, Block 2, Hongshang Building, 18 Gongping Road, Hongkou District, Shanghai, the PRC at 10:00 a.m. on Friday, 8 December 2023 is set out on pages EGM-1 to EGM-2 of this circular. The form of proxy for use in connection with the EGM has also been attached to this circular.

Whether or not you are able to attend the EGM in person, you are requested to complete, sign and return the form of proxy in accordance with the instructions printed thereon. For H Shareholders, the form of proxy should be returned to the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 10:00 a.m. on Thursday, 7 December 2023 (or if the EGM is adjourned, such time shall be no less than 24 hours before the time designated for holding the meeting). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish.

* *For identification purposes only*

17 November 2023

CONTENTS

In this circular, unless the context otherwise requires, the following terms and expression have the meanings set forth below:

"2022 Annual Report"	the annual report of the Company for the year ended 31 December 2022 published on 28 April 2023
"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
"Announcement"	the announcement of the Company dated 27 October 2023 in relation to the continuing connected transactions contemplated under the Agreements
"Articles of Association"	articles of association of the Company, as amended, modified or otherwise supplemented from time to time
"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 Latest Practicable Date
"CMOC Limited Group"	CMOC Limited and its subsidiaries

"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 SSE and the Stock Exchange, respectively
"Company Law"	the Company Law of the PRC
"Director(s)"	the director(s) of the Company
"EGM"	the 2023 second extraordinary general meeting of the Company (and any adjournment thereof) to be held at 10:00 a.m. on Friday, 8 December 2023 at the conference room, 3rd Floor, Block 2, Hongshang Building, 18 Gongping Road, Hongkou District, Shanghai, the PRC
"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 Gerry Yougui, Ms. Yan Ye and Mr. Li Shuhua, 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., 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 Latest Practicable Date
"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
"Latest Practicable Date"	15 November 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular
"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 circular, excluding Hong Kong and the Macau Special Administrative Region of the PRC and Taiwan)
"RMB"	Renminbi, the lawful currency of the PRC

"SFO"	the Securities and Futures Ordinance (Chapter 571 of The Laws of Hong Kong)
"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
"Supervisor(s)"	the supervisor(s) of the Company
"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.

* *For identification purposes only*

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)

Executive Directors:
SUN Ruiwen
LI Chaochun *(Vice Chairman)*

Non-executive Directors:
YUAN Honglin *(Chairman)*
LIN Jiuxin
JIANG Li

Independent non-executive Directors:
WANG Gerry Yougui
YAN Ye
LI Shuhua

Registered Office:
North of Yihe
Huamei Shan Road
Chengdong New District
Luanchuan County
Luoyang City
Henan Province
The People's Republic of China

Principal place of business in Hong Kong:
31/F, Tower Two, Times Square
1 Matheson Street, Causeway Bay
Hong Kong

17 November 2023

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS UNDER THE CATL PRODUCT SALES AND PROCUREMENT FRAMEWORK AGREEMENT AND THE KFM SALES AND PROCUREMENT FRAMEWORK AGREEMENT AND PROPOSED ABSORPTION AND MERGER OF THE WHOLLY-OWNED SUBSIDIARY OF THE COMPANY AND NOTICE OF THE 2023 SECOND EXTRAORDINARY GENERAL MEETING

1. INTRODUCTION

The purpose of this circular is to provide you with, among other things, (i) details of the Agreements and the proposed absorption and merger of the wholly-owned subsidiary of the Company; (ii) the advice of the Independent Financial Adviser in respect of the terms of the

* *For identification purposes only*

Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto); (iii) the recommendation of the Independent Board Committee to the Shareholders in respect of the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto); (iv) the notice of the EGM; and (v) other information as required under the Listing Rules.

2. CONTINUING CONNECTED TRANSACTIONS

I. The CATL Continuing Connected Transactions

Reference is made to the Announcement in relation to, among others, the continuing connected transactions under the CATL Product Sales and Procurement Framework Agreement.

As disclosed in the Announcement, on 27 October 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 from the date of the agreement to 31 December 2024, subject to the Independent Shareholders' approval at the EGM, pursuant to which, (i) CMOC 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) CMOC Limited Group agrees to purchase and CATL Group agrees to sell metal products, including but not limited to nickel products.

Principle Terms of the CATL Product Sales and Procurement Framework Agreement

Parties	(a) CMOC Limited; and (b) CATL
Term	From the date of the agreement to 31 December 2024
Subject Matter	(i) CMOC 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) CMOC Limited Group agrees to purchase and CATL Group agrees to sell metal products, including but not limited to nickel products.
Subsequent Agreements	CMOC 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

(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 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 the CATL Subsequent Agreement, if CATL Group shall make prepayment for certain proposed transactions, CMOC 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.

In 2021, the Company acquired KFM Copper and Cobalt Mine, a world-class undeveloped copper and cobalt mine, and reached a strategic partnership with CATL on a new energy project. To achieve production of KFM Copper and Cobalt Mine, the Company needs to make significant capital investment. Taking into account CATL's demand for stable supply of new energy metal resources, the Company's development costs, and 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. CATL 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 CMOC Limited Group to CATL Group in relation to the prepayment" below.

*(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.

The market price of copper, cobalt, nickel and lithium products refers 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 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

CMOC Limited entered into an agreement with CATL on 28 July 2023 in relation to the sales and procurement of products by CMOC Limited Group to/from CATL Group for the year ending 31 December 2023 (the "**Existing CATL Product Sales and Procurement Framework Agreement**"), please refer to the announcements of the Company dated 23 July 2023 and 28 July 2023 for details.

Existing annual caps

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

	Existing Annual Cap for the Year Ending 31 December 2023 *(US$ million)*
Products to be sold by CMOC Limited Group to CATL Group	260
Products to be purchased by CMOC Limited Group from CATL Group	10
Interests to be paid by CMOC Limited Group to CATL Group in relation to the prepayment	80

Historical transaction amounts and the utilization rate of the existing annual caps

As at 31 August 2023, the historical transaction amounts and the utilization rate of the existing annual caps under the Existing CATL Product Sales and Procurement Framework Agreement for the year ending 31 December 2023 are as follows:

	Historical Transaction Amount for the Year Ending 31 December 2023 as at 31 August 2023(1) *(US$ million)*	**Utilization Rate of the Existing Annual Cap for the Year Ending 31 December 2023 as at 31 August 2023(1)** *(%)*
Products sold by CMOC Limited Group to CATL Group	15.36	5.91
Products purchased by CMOC Limited Group from CATL Group	0	0
Interests paid by CMOC Limited Group to CATL Group in relation to the prepayment	8.52	10.65

(1) The historical transaction amount and utilization rate of the existing annual cap disclosed in the table only include the numbers for the period from 28 July 2023 to 31 August 2023.

Historical transaction amounts between CMOC Limited Group and CATL Group

The historical transaction amounts between CMOC Limited Group and CATL Group for the two years ended 31 December 2022 and for the eight months ended 31 August 2023 are as follows:

	Historical Transaction Amount for the Year Ended 31 December 2021 *(US$ million)*	**Historical Transaction Amount for the Year Ended 31 December 2022** *(US$ million)*	**Historical Transaction Amount for the Eight Months Ended 31 August 2023** *(US$ million)*
Products sold by CMOC Limited Group to CATL Group	160.35	213.99	16.44
Products purchased by CMOC Limited Group from CATL Group	51.55	54.03	0.05
Interests paid by CMOC Limited Group to CATL Group in relation to the prepayment	0	94.80	66.82

Reasons for revising the annual caps

Due to the acceleration of the actual construction and production progress of the Company's Congo (DRC) projects, the amount of continuing connected transactions between the Company and CATL from 28 July 2023 (being the date of entering into of the Existing CATL Product Sales and Procurement Framework Agreement) to the Latest Practicable Date was higher than expected. Based on the above-mentioned transactions, the annual caps for 2023 were adjusted.

Termination of the Existing CATL Product Sales and Procurement Framework Agreement

The Existing CATL Product Sales and Procurement Framework Agreement will be terminated and replaced and superseded by the CATL Product Sales and Procurement Framework Agreement subject to the approval at the EGM. All transactions, agreements and other documents entered into by CMOC Limited and CATL pursuant to the Existing CATL Product Sales and Procurement Framework Agreement will be governed by the terms of the CATL Product Sales and Procurement Framework Agreement.

As the actual construction and production progress of the Company's Congo (DRC) project have accelerated, the Company calculated the annual caps for the transaction amount based on the expected continuing connected transactions with CATL Group from 2023 to 2024, and adjusted and determined the annual caps of the continuing connected transactions from 2023 to 2024 based on the above factors.

The annual caps for the transactions contemplated under the CATL Product Sales and Procurement Framework Agreement for the two years ending 31 December 2024 are set out as follows:

	Annual Cap for the Year Ending 31 December 2023 *(US$ million)*	Annual Cap for the Year Ending 31 December 2024 *(US$ million)*
Products to be sold by CMOC Limited Group to CATL Group	1,500	1,800
Products to be purchased by CMOC Limited Group from CATL Group	600	600
Interests to be paid by CMOC Limited Group to CATL Group in relation to the prepayment	120	110

Basis for Determining the Proposed Annual Caps

Products to be sold by CMOC Limited Group to CATL Group

The following factors have been taken into account in determining the proposed annual caps for the two years ending 31 December 2024: (a) the estimated production volume of copper, cobalt, nickel and lithium products of the Group in the future; (b) the expected demand of CATL Group in terms of the copper, cobalt, nickel and lithium products provided by CMOC Limited Group; and (c) the fluctuation of the price of and demand for copper, cobalt, nickel and lithium products. The proposed annual caps are then arrived at by the estimated quantity of copper, cobalt, nickel and lithium products to be supplied by CMOC Limited Group to CATL Group for the two years ending 31 December 2024 multiplied by the respective unit market price of copper, cobalt, nickel and lithium products.

In the first half of 2023, the production volume of KFM Copper and Cobalt Mine, which is one of the largest and highest-grade cobalt mines in the world, amounted to approximately 29,818 tonnes of copper products and 9,264 tonnes of cobalt products. The average production capacity of KFM Copper and Cobalt Mine for the year ending 31 December 2023 is expected to be approximately 86,000 tonnes of copper products and 29,000 tonnes of cobalt products. As such, the amount of the products to be purchased by CMOC Group from KFM Group is expected to increase largely in 2024. In addition, KFM Copper and Cobalt Mine is projected to exceed the designed production capacity for the year ending 31 December 2024 after considering its current production capacity, the expected increase in production efficiency after one-year operation and economies of scale. The quantity of copper and cobalt products to be supplied by CMOC Limited Group to CATL Group for the two years ending 31 December 2024 is then estimated based on the expected production capacity of KFM Copper and Cobalt Mine and the expected demand of CATL Group. In respect of nickel products, the Company has made reference to its investments in PT. Huayue Nickel Cobalt (Indonesia) Co., Limited to jointly develop it with an average production capacity of 60,000 tonnes of nickel products per annum in estimating the quantity of nickel products to be supplied by CMOC Limited Group to CATL Group for the two years ending 31 December 2024. 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 CMOC Limited Group to CATL Group with a buffer of 10% of the proposed annual caps for the two years ending 31 December 2024.

The estimation on the unit market prices of copper, cobalt and nickel products for the two years ending 31 December 2024 is based on (a) the international market price of copper cathode in 2022 as disclosed in the 2022 Annual Report; (b) the international market price of cobalt metal in 2022 as disclosed in the 2022 Annual Report, multiplied by the pricing coefficient of 55% to reflect the difference in the metal content percentage and the impurity element content in the metals; and (c) the international market price of nickel metal in 2022 as disclosed in the 2022 Annual Report, multiplied by the pricing coefficient of 70% to reflect the difference in the metal content percentage and the impurity element content in the metals.

Products to be purchased by CMOC Limited Group from CATL Group

The following factors have been taken into account in determining the proposed annual caps for the two years ending 31 December 2024: (a) the expected demand of CMOC Limited Group in nickel products provided by CATL Group; and (b) the fluctuation of the price of and demand for nickel products. The proposed annual caps are then arrived at by the estimated quantity of nickel products to be purchased by CMOC Limited Group for the two years ending 31 December 2024 multiplied by the unit market price of nickel products.

The Group has procured and traded nickel products through IXM during its ordinary and usual course of business, and 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. Therefore, the quantity of nickel products to be purchased by CMOC Limited Group from CATL Group for the two years ending 31 December 2024 is estimated based on the average production capacity of CATL Group and the expected demand of CMOC Limited Group.

The estimation on the unit market price of nickel products for the two years ending 31 December 2024 is based on the international market price of nickel metal in 2022 as disclosed in the 2022 Annual Report, multiplied by the pricing coefficient of 60% to reflect the difference in the metal content percentage and the impurity element content in the metals.

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 two years ending 31 December 2024: (a) the prepayment of approximately US$2.066 billion made by CATL Group to the Group; (b) an estimated annual interest rate of approximately 5.5%, which is within the range of the interest rate for long-term borrowing of the Group; and (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 two years ending 31 December 2024.

As disclosed in the announcement of the Company dated 31 October 2022, pursuant to the agreements entered into between CMOC Limited Group and CATL Group in July 2021 and January 2022, CATL Group agreed to purchase cobalt and other products from CMOC Limited Group since 2023 with a prepayment of approximately US$2.066 billion. Such prepayment has been made by CATL Group in January 2022 and both parties agreed to reduce its principal amount through the sale of copper, cobalt, nickel and lithium products by CMOC Limited Group to CATL Group for the two years ending 31 December 2024.

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. These nickel products will have different production processes, standards, qualities and uses from the nickel products that the Group will sell to CATL. 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 (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. The independent non-executive Directors believe that the terms of the CATL Product Sales and Procurement Framework Agreement are fair and reasonable, the transactions are undertaken in the usual course of business, and are in the interests of the Company and the Shareholders as a whole.

II. The KFM Continuing Connected Transactions

Reference is made to the Announcement in relation to, among others, the continuing connected transactions under the KFM Sales and Procurement Framework Agreement.

As disclosed in the Announcement, on 27 October 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 from the date of the agreement to 31 December 2024, subject to the Independent Shareholders' approval at the EGM, 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 the equipment, materials, relevant services, etc.

Principle Terms of the KFM Sales and Procurement Framework Agreement

Parties	(a) the Company; (b) KFM Holding; and (c) KFM Mining
Term	From the date of the agreement to 31 December 2024
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 CMOC Group from KFM Group***

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

The market price of copper and cobalt products refers 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 CMOC 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 USD Secured Overnight Financing Rate (SOFR) and the interest rates of the medium and long term loans granted by third party financial institutions to CMOC Group plus a margin of 2% to 6%, taking into account the factors including the regulatory requirement and USD 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. CMOC 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 CMOC Limited Group to KFM 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. The market price of the equipment and relevant services refers to the price of the same or similar products or services provided by an independent third party during the ordinary course of business on normal commercial terms; and the market price of the materials refer to the price quoted (i) by ARGUS Sulphur for sulfur; (ii) on chinaccm.com and mysteel.com for steel balls; (iii) on baiinfo.com for sodium hydroxide as adjusted with reference to the PPI of the chemicals in US and Ireland. 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. The reasonable profit margin shall be determined with reference to the historical average price for similar products and services, or the prevailing commodity relevant to the products and services (where applicable), nature of products and services, the overall demand and supply in the industry and urgency of orders, the prevailing exchange rate, the profit margin released by independent third parties in the industry and nearby regions (to the extent available) and/or the profit margin of comparable products and services disclosed by other listed companies on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or domestic bond markets, from which the Company is able to draw references (where applicable). Due to the wide range of the categories of the equipment, materials and relevant services to be provided by CMOC Group to KFM Group, it would be difficult for the Company to estimate at the moment a reasonable range of the profit margin. However, the Company will provide the equipment, materials and relevant services after considering the overall demand and supply in the industry and the actual circumstance of the Company based on the reasonable estimation of the management. The relevant profit margin will also be subject to the review of internal control measures of the Company including the discussion with relevant department head and the management before decision.

Historical Transaction Amounts and Annual Caps

The Company entered into an agreement with KFM Holding and KFM Mining on 28 July 2023 in relation to the purchase of products and provision of equipment, materials, relevant services, etc. by CMOC Group from/to KFM Group for the year ending 31 December 2023 (the "**Existing KFM Sales and Procurement Framework Agreement**"), please refer to the announcements of the Company dated 23 July 2023 and 28 July 2023 for details.

Existing annual caps

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

	Existing Annual Cap for the Year Ending 31 December 2023 *(US$ million)*
Products to be purchased by CMOC Group from KFM Group	670
Equipment and materials to be provided by CMOC Group to KFM Group	120
Interests to be paid by KFM Group to CMOC Group in relation to the prepayment	10

Historical transaction amounts and the utilization rate of the existing annual caps

As at 31 August 2023, the historical transaction amounts and the utilization rate of the existing annual caps under the Existing KFM Sales and Procurement Framework Agreement for the year ending 31 December 2023 are as follows:

	Historical Transaction Amount for the Year Ending 31 December 2023 as at 31 August 2023(1) *(US$ million)*	**Utilization Rate of the Existing Annual Cap for the Year Ending 31 December 2023 as at 31 August 2023(1)** *(%)*
Products purchased by CMOC Group from KFM Group	135.24	20.19
Equipment and materials provided by CMOC Group to KFM Group	25.99	21.66
Interests paid by KFM Group to CMOC Group in relation to the prepayment	1.15	11.50

(1) The historical transaction amount and utilization rate of the existing annual cap disclosed in the table only include the numbers for the period from 28 July 2023 to 31 August 2023.

Historical transaction amounts between CMOC Group and KFM Group

The historical transaction amounts between CMOC Group and KFM Group for the two years ended 31 December 2022 and for the eight months ended 31 August 2023 are as follows:

	Historical Transaction Amount for the Year Ended 31 December 2021 *(US$ million)*	**Historical Transaction Amount for the Year Ended 31 December 2022** *(US$ million)*	**Historical Transaction Amount for the Eight Months Ended 31 August 2023** *(US$ million)*
Products purchased by CMOC Group from KFM Group	0	0	349.47
Equipment and materials provided by CMOC Group to KFM Group	30.78	368.56	130.57
Interests paid by KFM Group to CMOC Group in relation to the prepayment	0	0	3.27

Reasons for revising the annual caps

Due to the acceleration of the actual production progress of the KFM Copper and Cobalt Mine projects, the amount of continuing connected transactions between the Company and KFM Group from 28 July 2023 (being the date of entering into of the Existing KFM Sales and Procurement Framework Agreement) to the Latest Practicable Date was higher than expected. Based on the above-mentioned transactions, the annual caps for 2023 were adjusted.

Termination of the Existing KFM Sales and Procurement Framework Agreement

The Existing KFM Sales and Procurement Framework Agreement will be terminated and replaced and superseded by the KFM Sales and Procurement Framework Agreement subject to the approval at the EGM. All transactions, agreements and other documents entered into by the Company, KFM Holding and KFM Mining pursuant to the Existing KFM Sales and Procurement Framework Agreement will be governed by the terms of the KFM Sales and Procurement Framework Agreement.

As the actual production progress of the KFM project has accelerated, the Company calculated the annual caps for the transaction amount based on the expected continuing connected transactions with KFM Group from 2023 to 2024, and adjusted and determined the annual caps of the continuing connected transactions from 2023 to 2024 based on the above factor.

The annual caps for the transactions contemplated under the KFM Sales and Procurement Framework Agreement for the two years ending 31 December 2024 are set out as follows:

	Annual Cap for the Year Ending 31 December 2023 *(US$ million)*	Annual Cap for the Year Ending 31 December 2024 *(US$ million)*
Products to be purchased by CMOC Group from KFM Group	1,600	2,400
Equipment, materials, relevant services, etc. to be provided by CMOC Group to KFM Group	400	400
Interests to be paid by KFM Group to CMOC Group in relation to the prepayment	25	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 two years ending 31 December 2024: (a) the estimated production volume of copper and cobalt products of KFM Group in the future; (b) the expected demand of the Group in terms of the products provided by KFM Group; and (c) the fluctuation of the price of and demand for copper and cobalt products. 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 two years ending 31 December 2024 multiplied by the respective unit market price of copper and cobalt products.

It is expected that KFM Copper and Cobalt Mine's average production capacity of copper products and cobalt products will reach approximately 86,000 tonnes and 29,000 tonnes respectively for the year ending 31 December 2023, and will overproduce for the year ending 31 December 2024. In order to take advantage of the opportunities from the global strategy of carbon neutrality and carbon peaks and to realise the vision and goals, the Company has formulated a development path, one of which is to ramp up with multiplying production capacity 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. The quantity of copper and cobalt products to be purchased by CMOC Group from KFM Group for the two years ending 31 December 2024 is then estimated based on the expected production capacity of KFM Copper and Cobalt Mine and the expected demand of CMOC Group.

The estimation on the unit market prices of copper and cobalt products for the two years ending 31 December 2024 is based on (a) the international market price of copper cathode in 2022 as disclosed in the 2022 Annual Report; and (b) the international market price of cobalt metal in 2022 as disclosed in the 2022 Annual Report, multiplied by the pricing coefficient of 55% to reflect the difference in the metal content percentage and the impurity element content in the metals.

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

The expected demand of the KFM Group on the equipment, materials, relevant services, etc. provided by CMOC Group has been taken into account in determining the proposed annual caps for the two years ending 31 December 2024.

Due to the limited level of local industrial development, KFM Group has to import some necessary manufacturing equipment and materials from overseas. Against this background, in order to reduce production costs, the Group decided to provide such manufacturing equipment and materials to KFM Group by utilising the Group's own global procurement platform. The breakdown of estimated contract values of equipment and materials required by KFM Group for the year ending 31 December 2023 amounted to approximately US$400 million in total.

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 two years ending 31 December 2024: (a) the prepayment of approximately US$400.0 million to be made by CMOC Group to KFM Group; (b) the estimated annual interest rate of approximately 11.0% 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 two years ending 31 December 2024.

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 made by CMOC Group by the end of 2023 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 two years ending 31 December 2024.

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 and materials 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 (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. The independent non-executive Directors believe that the terms of the KFM Sales and Procurement Framework Agreement are fair and reasonable, the transactions are undertaken in the usual course of business, and are in the interests of the Company and the Shareholders as a whole.

III. 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/ 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, nickel and lithium 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, nickel and lithium 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.

IV. Implications under the Listing Rules

As at the Latest Practicable Date, 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 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.

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 Latest Practicable Date, 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 Latest Practicable Date, 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 Latest Practicable Date, 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.

Although CMOC Limited Group appears to be both selling party and purchasing party for certain metal products, the transactions under the Agreements are the overall sales arrangement of the Group. CMOC Limited serves as the Group's trade centre to coordinate and allocate raw materials produced by the Group, and KFM Group is also a consolidated subsidiary of the Group, therefore CMOC Limited Group's purchase from KFM Group is an intra-group transaction but not a resale arrangement. In addition, the products sold to CATL are not necessarily from the products purchased from KFM Group, only that after KFM Group is put into production, the Company still has spare capacity to allocate quotas to CATL in order to meet CATL's procurement needs and the Company's sales arrangements.

3. PROPOSED ABSORPTION AND MERGER OF THE WHOLLY-OWNED SUBSIDIARY OF THE COMPANY

As stated in the announcement of the Company dated 17 November 2023, the Company convened the thirteenth extraordinary meeting of the sixth session of the Board on 17 November 2023 and considered and approved the Resolution on the Absorption and Merger of the Wholly-owned Subsidiary of the Company (《關於本公司吸收合併全資子公司的議案》).

In order to fully implement the strategy of "strengthening the enterprise with technology", optimize the industrial layout, extend the industrial chain, establish a more complete corporate governance structure, and further enhance market competitiveness, the Company proposed to absorb and merge China Molybdenum Refining Co., Ltd. (洛陽欒川鉬業集團冶煉有限責任公司, "**Luoyang Refining**"), a wholly-owned subsidiary of the Company, in accordance with the statutory procedures (the "**Absorption and Merger**") as follows:

1. The Company will merge all assets, creditor's rights and debts, personnel and all other rights and obligations of Luoyang Refining by way of absorption and merger. Upon completion of the Absorption and Merger, the Company's operation, company name and registered capital, etc. shall remain unchanged, and Luoyang Refining shall be deregistered as an independent legal person.

2. Upon completion of the Absorption and Merger, all assets, creditor's rights and debts, personnel and all other rights and obligations of Luoyang Refining shall be succeeded by the Company in accordance with the laws.

3. In accordance with the requirements of laws and regulations, each party under the Absorption and Merger will enter into relevant agreements, prepare balance sheets and property lists, complete procedures of notifying creditors and public announcement, and jointly handle procedures of assets transfer, change of ownership, tax liquidation, industrial and commercial deregistration and other procedures as required by the laws and regulations or regulatory requirements.

According to the Company Law and the Articles of Association, the Absorption and Merger shall be submitted to the Shareholders' general meeting of the Company for consideration. The Board proposed to the EGM to authorize the management of the Company to take charge in the specific organization and implementation of all matters relating to the Absorption and Merger, including but not limited to the execution of the relevant agreements, transfer of related assets, relocation of personnel, tax liquidation, change in industrial and commercial registration, cancellation of registration and other matters. The authorization shall be valid from the date of consideration and approval by the EGM to the date of the completion of all matters in relation to the Absorption and Merger.

A special resolution regarding the consideration and approval of the proposed absorption and merger of the wholly-owned subsidiary of the Company will be proposed at the EGM.

4. EGM

An EGM will be held for approving each of the followings, among others: (i) the CATL Product Sales and Procurement Framework Agreement; (ii) the KFM Sales and Procurement Framework Agreement and the proposed transactions contemplated thereunder (including the proposed annual caps thereto); and (iii) the proposed absorption and merger of the wholly-owned subsidiary of the Company.

Notice convening the EGM to be held at the conference room, 3rd Floor, Block 2, Hongshang Building, 18 Gongping Road, Hongkou District, Shanghai, the PRC at 10:00 a.m. on Friday, 8 December 2023 is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for the EGM is enclosed herewith.

5. PROXY ARRANGEMENT

A form of proxy for use at the EGM is enclosed with this circular and such form is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.cmoc.com).

For H Shareholders, whether or not you are able to attend the EGM in person, you are requested to complete, sign and return the form of proxy in accordance with the instructions printed thereon. The form of proxy should be returned to the Company's H share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, as soon as possible but in any event not later than 10:00 a.m. on Thursday, 7 December 2023 (or if the EGM is adjourned, such time shall be not less than 24 hours before the time designated for holding the meeting). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournments thereof should you so wish.

6. CLOSURE OF REGISTER OF MEMBERS

In order to determine the list of H Shareholders who will be entitled to attend and vote at the EGM, the H Shares register of members of the Company will be closed from Tuesday, 5 December 2023 to Friday, 8 December 2023 (both days inclusive) during which period no transfer of H Shares will be effected. H Shareholders whose names appear on the H Shares register of members at 4:30 p.m. on Monday, 4 December 2023 shall be entitled to attend and vote at the EGM. In order for the H Shareholders to qualify for attending and voting at the EGM, Shareholders whose H Shares are not registered in their names should complete and lodge their respective instruments of transfer with the relevant H Share certificates with Computershare Hong Kong Investor Services Limited, the Company's H Share registrar in Hong Kong, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Monday, 4 December 2023.

7. VOTING AT THE EGM

Pursuant to Rule 13.39 of the Listing Rules, any votes of the Shareholders at the EGM must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. The poll results announcement will be announced by the Company after the EGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

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 Latest Practicable Date, 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 Latest Practicable Date, 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.

In addition, the Company will offer a platform to A Shareholders including investors of Shanghai-Hong Kong Stock Connect to vote online through the general meeting online voting system of the SSE. Please refer to the relevant announcement published by the Company on the SSE for details.

8. RECOMMENDATION

The Independent Board Committee, having taken into account the advice of the Independent Financial Adviser, considers that the terms of the Agreements are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the relevant resolutions to be proposed at the EGM.

In light of the above, the Directors believe that all the proposed resolutions at the EGM are in the best interests of the Company and its Shareholders. Accordingly, the Directors recommend the Shareholders to vote in favour of the resolutions to be proposed at the EGM.

9. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendix to this circular.

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

* *For identification purposes only*

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)

17 November 2023

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS UNDER THE CATL PRODUCT SALES AND PROCUREMENT FRAMEWORK AGREEMENT AND THE KFM SALES AND PROCUREMENT FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 17 November 2023 (the "**Circular**") of which this letter forms part. Unless the context requires otherwise, capitalised terms used in this letter will have the same meanings given to them in the section headed "Definitions" of the Circular.

We have been appointed by the Board to form the Independent Board Committee to advise the Independent Shareholders as to whether the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto) are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole.

Rainbow Capital has been appointed by the Company as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders as to whether the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto) are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and the Shareholders as a whole. Details of the advice from Rainbow Capital, together with the principal factors they have taken into consideration in arriving at such advice, are set out in its letter on pages 27 to 54 of the Circular.

* *For identification purposes only*

The Independent Shareholders are recommended to read the letter of advice from Rainbow Capital, the letter from the Board contained in the Circular as well as the additional information set out in Appendix I to the Circular.

Having considered the information contained in the letter from the Board, the interests of the Independent Shareholders and the advice and recommendations given by Rainbow Capital, we consider that the terms of the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto) are on normal commercial terms, fair and reasonable, and in the ordinary and usual course of business of the Company, and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the resolutions to be proposed at the EGM.

Yours faithfully,
For an on behalf of Independent Board Committee

Mr. WANG Gerry Yougui **Ms. YAN Ye** **Mr. LI Shuhua**
Independent non-executive Directors

The following is the full text of a letter of advice from Rainbow Capital, the independent financial adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation of this circular.

Rainbow Capital (HK) Limited

17 November 2023

To the Independent Board Committee and the Independent Shareholders

CMOC Group Limited
31/F, Tower Two, Times Square
1 Matheson Street
Causeway Bay, Hong Kong

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS UNDER THE CATL PRODUCT SALES AND PROCUREMENT FRAMEWORK AGREEMENT AND THE KFM SALES AND PROCUREMENT FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions (the "**Transactions**") contemplated under (i) the CATL Product Sales and Procurement Framework Agreement (including the proposed annual caps); and (ii) the KFM Sales and Procurement Framework Agreement (including the proposed annual caps) (collectively, the "**New Agreements**"), details of which are set out in the "Letter from the Board" (the "**Letter from the Board**") contained in the circular issued by the Company dated 17 November 2023 (the "**Circular**"), of which this letter forms part. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meanings as those defined in the Circular.

On 27 October 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 from the date of the agreement to 31 December 2024, pursuant to which, (i) CMOC 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) CMOC Limited Group agrees to purchase and CATL Group agrees to sell metal products, including but not limited to nickel products.

On 27 October 2023, the Board approved the Company, to enter into the KFM Sales and Procurement Framework Agreement with KFM Holding and KFM Mining with a term from the date of the agreement to 31 December 2024, 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 the equipment, materials, relevant services and etc.

As at the Latest Practicable Date, 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 shall constitute continuing connected transactions of the Company under the Listing Rules.

As the highest applicable percentage ratio in respect of the proposed annual caps of the Transactions exceed 5%, the 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.

The Company will seek approval from the Independent Shareholders in respect of the Transactions by way of a poll at the EGM. In view of the interest above, 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 Latest Practicable Date, will abstain from voting at the EGM on the ordinary resolutions to approve the Transactions (including the proposed annual caps). Save as disclosed above and to the best knowledge of the Directors, as at the Latest Practicable Date, no other Shareholder has a material interest in the Transactions, and therefore no other Shareholder is required to abstain from voting on that resolution at the EGM.

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Wang Gerry Yougui, Yan Ye and Li Shuhua, has been formed to advise the Independent Shareholders on (i) whether the entering into of the Transactions are conducted in the ordinary and usual course of the Group; and (ii) whether the terms of the Transactions (including the proposed annual caps) are on normal commercial terms which are fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole, and as to voting. We, Rainbow Capital, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in the same regard.

As at the Latest Practicable Date, we did not have any relationships or interests with the Group, CATL Group and KFM Group that could reasonably be regarded as relevant to our independence. In the last two years, there was no engagement or connection between the Group, CATL Group, or KFM Group and us. Apart from normal professional fees paid or payable to us in connection with this appointment as the Independent Financial Adviser, no other arrangements exist whereby we had received any fees or benefits from the Group or any other party to the Transactions. Accordingly, we are independent from the Company pursuant to the requirement under Rule 13.84 of the Listing Rules and therefore we are qualified to give independent advice in respect of the Transactions (including the proposed annual caps).

BASIS OF OUR OPINION

In formulating our opinion and advice, we have relied on (i) the information and facts contained or referred to in the Circular; (ii) the information supplied by the Group and its advisers; (iii) the opinions expressed by and the representations of the Directors and the management of the Group; and (iv) our review of the relevant public information. We have assumed that all the information provided and representations and opinions expressed to us or contained or referred to in the Circular were true, accurate and complete in all respects as at the date thereof and may be relied upon. We have also assumed that all statements contained and representations made or referred to in the Circular are true at the time they were made and continue to be true as at the Latest Practicable Date and all such statements of belief, opinions and intentions of the Directors and the management of the Group and those as set out or referred to in the Circular were reasonably made after due and careful enquiry. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and the management of the Group. We have also sought and received confirmation from the Directors that no material facts have been withheld or omitted from the information provided and referred to in the Circular and that all information or representations provided to us by the Directors and the management of the Group are true, accurate, complete and not misleading in all respects at the time they were made and continued to be so until the date of the Circular.

We consider that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, representations made or opinion expressed by the Directors and the management of the Group, nor have we conducted any form of in-depth investigation into the business, affairs, operations, financial position or future prospects of the Group, or any of its respective substantial shareholders, subsidiaries or associates.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation on the terms of the Transactions (including the proposed annual caps), we have taken into account the principal factors and reasons set out below:

1. Information on the Group

The Group is principally engaged in the non-ferrous metal industry, mainly the mining and processing business, which includes mining, beneficiation, smelting and refining of base and rare metals, and mineral trading business. With its main business located over Asia, Africa, South America, Oceania and Europe, the Company is an important producer of copper and cobalt and a leading producer of tungsten, niobium and molybdenum in the world. In terms of trading business, the Company is one of the leading base metal traders in the world. The Company ranks 26 among top 40 global mining companies (by market value) in 2023.

As disclosed in the annual report of the Company for the year ended 31 December 2022 (the "**2022 Annual Report**"), revenue from mineral exploration and processing business amounted to approximately RMB25.4 billion for both of the two years ended 31 December 2022 ("**FY2021**" and "**FY2022**", respectively), with principal products including copper, cobalt, molybdenum, tungsten, niobium and phosphate and other related products. In respect of its resources and reserves of copper and cobalt products, the Company mainly holds (i) the Tenke Fungurume copper and cobalt mine ("**TFM**") located in Congo (DRC), which covers an area of over 1,500 square kilometers with main products of copper cathode and cobalt hydroxide; and (ii) Kisanfu copper and cobalt mine ("**KFM**") located in Congo (DRC) which has been put into operation in the second quarter of 2023. In the first half of 2023, the production volume of KFM amounted to approximately 29,818 tonnes of copper products and 9,264 tonnes of cobalt products. Against the backdrop of carbon neutrality and carbon peaking as well as the overall considerable growth rate of power battery resulting from the high-speed growth of new energy vehicles, demand for copper and cobalt products is expected to grow rapidly. In respect of is resources and reserves of nickel products, the Company holds 30% equity interest of Huayue nickel cobalt project ("**Huayue**") in Indonesia and underwrites a proportionate share of the nickel and cobalt hydroxide products, making presence in nickel metal. Despite the rapid development of lithium iron phosphate battery, the advantage of high nickel ternary battery in terms of energy density makes it more competitive, which is expected to support the demand for nickel products.

On the other hand, In July 2019, the Company successfully acquired IXM Holding S.A. ("**IXM**") which is the third largest base metal trader in the world. IXM and its member units constitute a global metals trading network with operations in over 80 countries, mainly in China, Latin America, North America and Europe, as well as a global logistics and warehousing system. Over these years, IXM has deeply developed in the minerals trading industry, accumulated a wealth of experience in the minerals trading industry, and built a diversified supplier and customer portfolio which includes integrated mineral companies, smelters and refined metal retailers, etc., on the basis of the substantial network of contacts all along the supply and sale chains. As disclosed in the 2022 Annual Report, revenue from mineral trading amounted to approximately RMB148.0 billion and RMB147.3 billion for FY2021 and FY2022, respectively.

2. Information on the other parties to the New Agreements

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 at the Latest Practicable Date, CATL indirectly owned 24.68% equity interests in the Company.

KFM Holding is a company incorporated in Hong Kong with limited liability. As at the Latest Practicable Date, 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 is a company incorporated in Democratic Republic of the Congo with limited liability. As at the Latest Practicable Date, it is a subsidiary of KFM Holding and a connected person of the Company. It mainly engages in mining and processing activities.

3. Reasons for and benefits of entering into the New Agreements

As one of the world's leading producer and trader of base metal, the Group's principal activities include mining, processing and sale of non-ferrous metal products, including copper, cobalt, nickel and lithium products.

Among the mines owned by the Group, KFM is one of the world's largest, highest-grade cobalt and copper deposit which is indirectly held by the Group as to 71.25% equity interests. In April 2021, the Group has entered into a strategic partnership with CATL to jointly develop KFM Copper and Cobalt Mine. Through this partnership, the two parties have agreed to build a long-term stable, reliable, clean and responsible supply of battery metals and electric vehicle raw materials from the Group to CATL. In January 2023, the Company and CATL reached an agreement with Bolivia to build a lithium extraction plant on large salt flats in Bolivia, initially making its presence in lithium metal. 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 products are strategic and critical battery materials and thus are required in the ordinary and usual course of business of CATL. On the other hand, in order to strengthen the strategic cooperation relationship with CATL and expand its supplier base, the Company decides to purchase nickel products from CATL Group which are produced by CATL Group directly. Although the Company will sell nickel products to CATL Group under the CATL Product Sales and Procurement Framework Agreement, the nickel products to be sold and purchased by the Group to/from CATL Group will be of different production process, standard, quality and uses. Accordingly, in order to provide a framework for the sales of metal products, including but not limited to copper, cobalt, nickel and lithium products by CMOC Limited Group to CATL Group and the procurement of metal products, including but not limited to nickel products by CMOC Limited Group from CATL Group, on 27 October 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 from the date of the agreement to

31 December 2024. The entering into of the CATL Product Sales and Procurement Framework Agreement is consistent with the business and commercial objective of the Group as it can strengthen the strategic cooperation relationship between the Group and CATL Group, further enhance the business opportunities of the Group, broaden the revenue base of the Group and increase the capacity utilisation level of the Group.

In addition, as KFM has been put into operation in April 2023, it is in the ordinary and usual course of business of the Group to procure copper and cobalt products produced by KFM. On the other hand, as restricted by the limited level of local industrial development, KFM Group has to import part of its required manufacturing equipment and materials from overseas. Against this backdrop and in order to reduce production costs, the Group decides to provide such manufacturing equipment and materials to KFM Group by utilising the Group's own global procurement platform where local procurement cannot satisfy KFM Group's demand and requirements. Accordingly, in order to provide a framework for the procurement of copper and cobalt products by CMOC Group from KFM Group and the sale of equipment, materials and relevant services by CMOC Group to KFM Group, on 27 October 2023, the Board approved the Company to enter into the KFM Sales and Procurement Framework Agreement with KFM Holding and KFM Mining with a term from the date of the agreement to 31 December 2024. The entering into of the KFM Sales and Procurement Framework Agreement is consistent with the business and commercial objective of the Group as it can 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.

With reference to the 2022 Annual Report, the Company has developed a business model of "mining + trading" which covered procurement, production and sales of metal products. In particular, the Group has established business models of "mine – IXM – terminal processing plant and smelter" and "manufacturer – IXM – consumer", under which the Group (through IXM) would purchase metal products from mines or manufacturers and then sell them to downstream producers or consumers. It can be seen that it is in the ordinary and usual course of business of the Group for being both a selling party and a purchasing party for metal products. As such, we consider the Company for being a selling party and a purchasing party for copper, cobalt and nickel products at the same time under the New Agreements to be fair and reasonable.

In respect of the supply of metal products by CATL Group to the Group under the CATL Product Sales and Procurement Framework Agreement, CATL Group, being a leading power batteries and energy storage batteries manufacturer, has invested several metal mines for its principal business over the years. For instance, according to CATL's announcement dated 15 April 2022, CATL announced to invest not more than US$6 billion in a battery project in Indonesia which included nickel mining and processing. As confirmed by CATL Group, it may have unneeded metal products from time to time and plan to sell them to third parties. Taking into account that (i) the Group, being one of the leading base metal traders in the world, generally purchases metal products from mines or manufacturers in its ordinary and usual course of business; (ii) the price for each lot of the products supplied by CATL to the Company will be determined on the basis of market-based pricing principle; and (iii) such supply cooperation could strengthen the strategic cooperation relationship between CATL Group and the Company and expand the Company's supplier base, we consider the supply of metal products by CATL Group to the Company is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

As discussed above, it is in the ordinary and usual course of business of the Group to purchase metal products from mines or manufacturers and then sell them to downstream producers or consumers. As disclosed in the 2022 Annual Report, revenue from mineral trading amounted to approximately RMB148.0 billion and RMB147.3 billion for FY2021 and FY2022, respectively. As such, the arrangement of purchasing the copper and cobalt products by the Company from KFM Group under the KFM Sales and Procurement Framework Agreement and then selling these products to CATL Group under the CATL Product Sales and Procurement Framework Agreement is consistent with the existing business model of the Group and we consider such arrangement is fair and reasonable and in the interests of the Company and the Shareholders as a whole.

In view of the above, we consider that the New Agreements can provide a consistent framework for individual sales and/or procurement agreements between CMOC Limited Group and CATL Group as well as those between CMOC Group and KFM Group, and such consistency will benefit the Group. We also concur with the Directors that the entering into of the New Agreements and the Transactions are conducted in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

4. Principal terms of the New Agreements

For details of the terms of the New Agreements, please refer to the section headed "2. Continuing Connected Transactions" in the Letter from the Board. Set out below are the principal terms of the New Agreements:

(i) The CATL Product Sales and Procurement Framework Agreement

Parties	:	(a) CMOC Limited; and (b) CATL
Term	:	From the date of the agreement to 31 December 2024
Subject matter	:	(a) CMOC 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 (b) CMOC Limited Group agrees to purchase and CATL Group agrees to sell metal products, including but not limited to nickel products.

Subsequent agreements	:	CMOC 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 :

(a) *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 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 the CATL Subsequent Agreement, if CATL Group shall make prepayment for certain proposed transactions, CMOC 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.

(b) *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.

The market price of copper, cobalt, nickel and lithium products refers 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 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 recognised commodity trading indexes comparable to LME or Fastmarkets (such as SMM Information & Technology Co., Ltd., Shanghai Futures Exchange or the Chicago Mercantile Exchange).

As part of our due diligence on the CATL Product Sales and Procurement Framework Agreement, we have randomly obtained and reviewed 15 samples of metal products sale contracts between the Group and (a) CATL Group; or (b) independent third parties entered into in 2020, 2021 and 2022. Based on our review, we noted that (a) the prices for the sale of metal products by the Group were generally determined on the basis of market-based pricing principle subject to certain adjustments on the quality and standard of metal products. The market prices were generally determined with reference to certain recognised futures and forwards exchanges and cross-commodity price reporting agency such as London Metal Exchange, Shanghai Futures Exchange and Fastmarkets; and (b) the terms of the sales contracts with CATL Group were no less favourable than those of the sales contracts with independent third parties.

In addition, we have randomly obtained and reviewed 3 samples of nickel products procurement contracts between the Group and (a) CATL Group; or (b) independent third parties entered into in 2020 and 2021. Based on our review, we noted that (a) the prices for the procurement of nickel products by the Group were generally determined on the basis of market-based pricing principle with reference to Shanghai Futures Exchange; and (b) the terms of the procurement contracts with CATL Group were no less favourable than those of the procurement contracts with independent third parties.

In respect of the prepayment arrangement, the interest rate will be determined 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. As advised by the management of the Group, it considered that as the market expected that the pace of interest rate hikes by the U.S. Federal Reserve would slow down, it is more prudent to use the U.S. bond yield and fixed rate of interest rate swaps as the reference. Taking into account that the U.S. bond yield and fixed rate of interest rate swaps closely follow the market sentiment and expectations, we consider that the terms of the CATL Product Sales and Procurement Framework Agreement are on normal commercial terms which are fair and reasonable.

As stated above, it is stipulated under the pricing policy of the CATL Product Sales and Procurement Framework Agreement that the price for each lot of the products purchased by the CATL Group and 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. Please refer to the section below headed "5. Internal control measures of the Group" for our analyses of further safeguards imposed by the Group.

(ii) KFM Sales and Procurement Framework Agreement

Parties	:	(a) the Company; (b) KFM Holding; and (c) KFM Mining
Term	:	From the date of the agreement to 31 December 2024
Subject matter	:	(a) CMOC Group agrees to purchase and KFM Group agrees to sell copper and cobalt products; and (b) CMOC Group agrees to sell and KFM Group agrees to purchase 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	:	*(a) 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 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.

The market price of copper and cobalt products refers to (1) the copper price quoted by LME (https://www.lme.com/); or (2) the cobalt price 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 recognised 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 CMOC 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 USD Secured Overnight Financing Rate (SOFR) and the interest rates of the medium- and long-term loans granted by third party financial institutions to CMOC Group plus a margin of 2% to 6%, taking into account the factors including the regulatory requirement and USD financing costs in the DRC, the return on deposit funds, and the Federal Reserve's view on the trend of interest rates.

(b) *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. The market price of the equipment and relevant services refers to the price of the same or similar products or services provided by an independent third party during the ordinary course of business on normal commercial terms; and the market price of the materials refer to the price quoted (1) by ARGUS Sulphur for sulfur; (2) on chinaccm.com and mysteel.com for steel balls; and (3) on baiinfo.com for sodium hydroxide as adjusted with reference to the PPI of the chemicals in US and Ireland. 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. The reasonable profit margin shall be determined with reference to the historical average price for similar products and services, or the prevailing commodity relevant to the products and services (where applicable), nature of products and services, the overall demand and supply in the industry and urgency of orders, the prevailing exchange rate, the profit margin released by independent third parties in the industry and nearby regions (to the extent available) and/or the profit margin of comparable products and services disclosed by other listed companies on the Stock Exchange, the Shanghai Stock Exchange, the Shenzhen Stock Exchange or domestic bond markets, from which the Company is able to draw references (where applicable). Due to the wide range of the categories of the equipment, materials and relevant services to be provided by CMOC Group to KFM Group, it would be difficult for the Company to estimate at the moment a reasonable range of the profit margin. However, the Company will provide the equipment, materials and relevant services after considering the overall demand and supply in the industry and the actual circumstance of the Company based on the reasonable estimation of the management. The relevant profit margin will also be subject to the review of internal control measures of the Company including the discussion with relevant department head and the management before decision.

As confirmed by the management of the Group, as KFM just started its operation since 2023, the Group has not entered into any transactions to purchase metal products with KFM Group before 2023. As part of our due diligence on the KFM Sales and Procurement Framework Agreement, we have randomly obtained and reviewed 6 samples of metal products procurement contracts between the Group and independent third parties entered into in 2020, 2021 and 2022. Based on our review, we noted that the prices for the procurement of metal products by the Group were generally determined on the basis of market-based pricing principle subject to certain adjustments on the quality and standard of metal products. The market prices were generally determined with reference to certain recognised futures and forwards exchanges such as London Metal Exchange. The pricing policies under procurement contracts with independent third parties were similar to those under the KFM Sales and Procurement Framework Agreement stated above.

In respect of the prepayment arrangement, the interest rate will be determined with reference to USD Secured Overnight Financing Rate (SOFR) and the interest rates of the medium- and long-term loans granted by third party financial institutions to CMOC Group plus a margin of 2% to 6%, taking into account the factors including the regulatory requirement and financing costs in the DRC, the return on deposit funds, and the Federal Reserve's view on the trend of interest rates. Based on our independent research on Damodaran Online, which we understand is an equity risk premium research online database published by Aswath Damodaran, a finance professor at New York University whose work in equity risk premium is internationally adopted in the valuation industry, the country risk premium of Congo (DRC) amounted to approximately 11.2% in 2023. Taking into account the relatively high country risk of Congo (DRC) where KFM is located and that a higher interest rate to be received by the Group on its prepayments is in the interest of the Company, we consider that the terms of the KFM Sales and Procurement Framework Agreement are on normal commercial terms which are fair and reasonable.

As stated above, it is stipulated under the pricing policy of the KFM Sales and Procurement Framework Agreement that (a) the price for each lot of the products purchased by the CMOC Group and 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; and (b) 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. Please refer to the section below headed "5. Internal control measures of the Group" for our analyses of further safeguards imposed by the Group.

5. Internal control measures of the Group

In order to protect the interests of the Shareholders, the Group has adopted the following internal control measures to regulate and monitor the respective individual transactions to be conducted within the New Agreements:

(i) 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 (a) 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/ and https://www.smm.cn/ on a daily basis before the entering into of each CATL Subsequent Agreement; and (b) 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. As for (a) the products to be provided by CATL Group to CMOC Limited Group under the CATL Product Sales and Procurement Framework Agreement and (b) the products to be provided by KFM Group to CMOC Group under the KFM Sales and Procurement Framework Agreement, the department will (a) check the quotations of copper, cobalt, nickel and lithium 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; (b) check the final contract prices of copper, cobalt, nickel and lithium products offered by third parties to CMOC Group from time to time; and (c) 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;

(ii) 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 New Agreements; and

(iii) the Company will monitor the annual caps and reasonableness and fairness under the New 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.

In assessing whether the above internal control measures are put in place and effectively implemented, we have obtained and reviewed the relevant internal control policies of the Group such as "Connected Transactions Management Policy" (關聯交易管理制度) and

"Independent Directors Working Policy" (獨立董事工作制度) and noted that the Group will check the market prices on public domain and compare with similar products providers in the market which are independent third parties, as to the prices of the products under each CATL Subsequent Agreement and KFM Subsequent Agreement. In this respect, we have obtained and reviewed the Group's internal records and noted that the market quotes on copper, cobalt, nickel and lithium products on Bloomberg were checked and recorded by the Group on a daily basis. As such, we are of the view that the above internal control measure adopted by the Group for monitoring the transactions contemplated under the New Agreements are effectively implemented.

Having considered the above, in particular (i) that as discussed in the section headed "4. Principal terms of the New Agreements" above, the pricing policies under the New Agreements that the price for each lot of metal products to be purchased or sold by the Group and each lot of equipment, materials, relevant services, etc. to be sold by the Group should be determined with reference to the prevailing market price which has been adhered in accordance with the Group's internal control procedures; (ii) the ongoing monitoring of the transactions under the New Agreements; and (iii) the requirements under the Listing Rules for the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the transactions under the New Agreements and the proposed annual caps thereunder, we concur with the Directors that appropriate and adequate internal control procedures are in place to ensure that the transactions contemplated under the New Agreements will be appropriately monitored and conducted on commercial terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

6. Assessment of the proposed annual caps

(i) The CATL Product Sales and Procurement Framework Agreement

Pursuant to the CATL Product Sales and Procurement Framework Agreement, the proposed annual caps for the transactions under the CATL Product Sales and Procurement Framework Agreement are set out below:

	For the year ending 31 December	
	2023	**2024**
	(US$' million)	*(US$' million)*
Products to be sold by CMOC Limited Group to CATL Group	1,500	1,800
Products to be purchased by CMOC Limited Group from CATL Group	600	600
Interests to be paid by CMOC Limited Group to CATL Group in relation to the prepayment	120	110

Set out below is the breakdown of the products to be sold by CMOC Limited Group to CATL Group and the products to be purchased by CMOC Limited Group from CATL Group under the CATL Product Sales and Procurement Framework Agreement:

	For the year ending 31 December	
	2023	**2024**
Products to be sold by CMOC Limited Group to CATL Group		
– Copper products (US$ million)	**17.6**	**17.6**
Unit market price (US$ per tonne)	8,797	8,797
Quantity (tonnes)	2,000	2,000
– Cobalt products (US$ million)	**1,054.9**	**1,273.2**
Unit market price (US$ per tonne)	36,376	36,376
Quantity (tonnes)	29,000	35,000
– Nickel products (US$ million)	**268.9**	**268.9**
Unit market price (US$ per tonne)	17,924	17,924
Quantity (tonnes)	15,000	15,000
– Lithium product (US$ million)	**150**	**180**
Products to be purchased by CMOC Limited Group from CATL Group		
– Nickel products (US$ million)	**537.7**	**537.7**
Unit market price (US$ per tonne)	15,363	15,363
Quantity (tonnes)	35,000	35,000

Products to be sold by CMOC Limited Group to CATL Group

In assessing the reasonableness of the proposed annual caps of the products to be sold by CMOC Limited Group to CATL Group under the CATL Product Sales and Procurement Framework Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the proposed annual caps for the two years ending 31 December 2024, they have taken into account, among others, (a) the estimated production volume of copper, cobalt, nickel and lithium products of the Group in the future; (b) the expected demand of CATL Group in terms of the copper, cobalt, nickel and lithium products provided by CMOC Limited Group; and (c) the fluctuation of the price and demand for copper, cobalt, nickel and lithium products. The proposed annual caps are then arrived at by the estimated quantity of copper, cobalt, nickel and lithium products to be supplied by CMOC Limited Group to CATL Group for the two years ending 31 December 2024 multiplied by the respective unit market price of copper, cobalt, nickel and lithium products.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations which have also been confirmed and agreed by CATL Group. As advised by the management of the Group, as one of the world's largest sources of cobalt of the highest grade, KFM boasts 365 million tons of ore resources and contains more than 6.2 million tons of copper metals and more than 3.1 million tons of cobalt metals. KFM was successfully put into production in April 2023 with an estimated average production capacity of 90,000 tonnes of copper products and 30,000 tonnes of cobalt products per annum. As disclosed in the interim report of the Company for the six months ended 30 June 2023 (the "**2023 Interim Report**"), in the first half of 2023, the production volume of KFM amounted to approximately 29,818 tonnes of copper products and 9,264 tonnes of cobalt products. As such, KFM is expected to be able to reach the average production capacity of approximately 86,000 tonnes of copper products and 29,000 tonnes of cobalt products for the year ending 31 December 2023. In addition, we have obtained and reviewed the projection of the production plan of KFM and noted that after considering its current production capacity, the expected increase in production efficiency after one-year operation and economies of scale, KFM is projected to overproduce for the year ending 31 December 2024. The quantity of copper and cobalt products to be supplied by CMOC Limited Group to CATL Group for the two years ending 31 December 2024 is then estimated based on the expected production capacity of KFM and the expected demand of CATL Group. In respect of nickel products, with reference to the announcement of the Company dated 8 November 2019, the Company made investments in Huayue to jointly develop it with an average production capacity of 60,000 tonnes of nickel products per annum. As advised by the management of the Company, Huayue has been officially put into production in 2022. The quantity of nickel products to be supplied by CMOC Limited Group to CATL Group for the two years ending 31 December 2024 is then estimated based on the average production capacity of Huayue and the expected demand of CATL Group. In respect of lithium products, as advised by the management of the Group, the Group did not produce and sell any lithium products before. However, in January 2023, the Group worked 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, with each capable of producing up to 25,000 tonnes of battery grade lithium carbonate per year, so that the CMOC Limited Group will be able to provide lithium products to CATL Group from time to time based on CATL Group's demand. Accordingly, the proposed annual caps of the lithium products to be sold by CMOC Limited Group to CATL Group is estimated as a buffer of 10% of the proposed annual caps for the two years ending 31 December 2024. Based on the above, we concur with the management of the Group on such basis of the projection.

With regard to the Company's estimation on the unit market prices of copper, cobalt and nickel products for the two years ending 31 December 2024, we are advised by the management of the Group that each unit market price is projected with reference to (a) the international market price of copper cathode in 2022 of approximately US$8,797 per tonne as disclosed in the 2022 Annual Report which was the spot average price on London Metal Exchange; (b) the international market price of cobalt metal in 2022 of approximately US$30 per lb as disclosed in the 2022 Annual Report, which was the average low price of Metal Bulletin standard grade cobalt, multiplied by the pricing coefficient of 55% to reflect the difference in the percentage of metal content and the impurity element content in the metals; and (c) the international market price of nickel metal in 2022 of approximately US$25,605 per tonne as disclosed in the 2022 Annual Report, which was the spot average price on London Metal Exchange, multiplied by the pricing coefficient of 70% to reflect the difference in the percentage of metal content and the impurity element content in the metals. On this basis, we consider the estimation of the unit market prices of copper, cobalt and nickel products for the two years ending 31 December 2024 to be acceptable.

Having taking into account (a) that the proposed annual caps which have been arrived at after discussion between CMOC Limited Group and CATL Group have considered the expected demand of CATL Group on copper, cobalt, nickel and lithium products as well as the estimated unit market prices of these products; (b) the average production capacity of KFM in copper and cobalt products, Huayue in nickel products and the two lithium extraction plants in lithium products; (c) the basis of the estimated unit market prices of copper, cobalt and nickel products; and (d) the flexibility to be applied to cater for CATL Group's demand on lithium products from time to time, we consider the proposed annual caps of the products to be sold by CMOC Limited Group to CATL Group for the two years ending 31 December 2024 to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

Products to be purchased by CMOC Limited Group from CATL Group

In assessing the reasonableness of the proposed annual caps of the products to be purchased by CMOC Limited Group from CATL Group under the CATL Product Sales and Procurement Framework Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the proposed annual caps for the two years ending 31 December 2024, they have taken into account, among others, (a) the expected demand of CMOC Limited Group in terms of the nickel products provided by CATL Group; and (b) the fluctuation of the price and demand for nickel products. The proposed annual caps are then arrived at by the estimated quantity of nickel products to be purchased by CMOC Limited Group for the two years ending 31 December 2024 multiplied by the unit market price of nickel products.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations which have also been confirmed and agreed by CATL Group. As advised by the management of the Group, the Group has procured and traded nickel products through IXM during its ordinary and usual course of business. It is considered 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, both of which would support the solid and sustainable market demand on nickel products. Meanwhile, the nickel inventories on the exchanges remain at a relatively low level, which will provide underlying support for nickel prices. Accordingly, the quantity of nickel products to be purchased by CMOC Limited Group from CATL Group for the two years ending 31 December 2024 is estimated based on the average production capacity of CATL Group and the expected demand of CMOC Limited Group. According to Mysteel, a leading Chinese commodity service provider and price reporting agency founded in 2000, CATL Group is expected to have an average production capacity of approximately 36,000 tonnes of nickel products per annum, which covered the demanded quantity in the Group's projection. Based on the above, we concur with the management of the Group on such basis of the projection.

With regard to the Company's estimation on the unit market price of nickel products for the two years ending 31 December 2024, we are advised by the management of the Group that it is projected with reference to the international market price of nickel metal in 2022 of approximately US$25,605 per tonne as disclosed in the 2022 Annual Report, which was the spot average price on London Metal Exchange, multiplied by the pricing coefficient of 60% to reflect the difference in the percentage of metal content and the impurity element content in the metals. We concurred with the management of the Group on such basis of the projection.

Having taking into account (a) that the proposed annual caps which have been arrived at after discussion between CMOC Limited Group and CATL Group have considered the expected demand of CMOC Limited Group on nickel products as well as its estimated unit market price; (b) the expected production capacity of CATL Group in nickel products; and (c) the basis of the estimated unit market price of nickel products, we consider the proposed annual caps of the products to be purchased by CMOC Limited Group from CATL Group for the two years ending 31 December 2024 to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

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

In assessing the reasonableness of the proposed annual caps of the interests to be paid by CMOC Limited Group to CATL Group in relation to the prepayment under the CATL Product Sales and Procurement Framework Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the proposed annual caps for the two years ending 31 December 2024, they have taken into account, among others, (a) the prepayment of approximately US$2.066 billion made by CATL Group to the Group; (b) an estimated interest rate of approximately 5.5% per annum; and (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 two years ending 31 December 2024.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations which have also been confirmed and agreed by CATL Group. As disclosed in the announcement of the Company dated 31 October 2022, pursuant to the agreements between CMOC Limited Group and CATL Group entered into in July 2021 and January 2022, CATL Group agreed to purchase cobalt and other products from CMOC Limited Group since 2023 with a prepayment of approximately US$2.066 billion. As advised by the management of the Group, such amount of prepayment has been made by CATL Group in January 2022 and both parties agreed to reduce its principal amount through the sale of copper, cobalt, nickel and lithium products by CMOC Limited Group to CATL Group for the two years ending 31 December 2024. Based on our independent research on Bloomberg, the average one-month U.S. bond yield for 1 year and 3 years amounted to approximately 5.37% and 4.60%, respectively as at 31 August 2023. In addition, as disclosed in the 2023 Interim Report, as at 30 June 2023, the annual interest rate for the Group's long-term borrowings ranged from 2.7000% to 7.5451%. The estimated annual interest rate of approximately 5.5% is within the Group's annual interest rate range of long-term borrowings. As such, the projection of approximately 5.5% annual interest rate is considered to be fair and reasonable.

Having taking into account (a) that the proposed annual caps which have been arrived at after discussion between CMOC Limited Group and CATL Group have considered the amount of prepayment which has been made by CATL Group to the Group, the arrangement of reducing principal amount through the sale of non-ferrous metal products by CMOC Limited Group to CATL Group as agreed by both parties and the estimated annual interest rate; and (b) the basis of the estimated interest rate per annum, we consider the proposed annual caps of the interests to be paid by CMOC Limited Group to CATL Group in relation to the prepayment for the two years ending 31 December 2024 to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

As advised by the management of the Group, the Group has not provided such prepayment arrangement with interest to be paid by CMOC Limited Group to any independent third parties for similar transactions. Taking into account that (a) the prepayment in the amount of approximately US$2.066 billion has been made by CATL Group to CMOC Limited Group in January 2022 which showed CATL Group's solid support to the strategic cooperation between CATL Group and CMOC Limited Group; (b) the interest rate will be determined with reference to the U.S. bond yield and fixed rate of interest rate swaps and taking into account factors including the parties' respective financing costs and the Federal Reserve's view on the trend of interest rates; (c) the estimated interest rate of 5.5% per annum is within the Group's annual interest rate range of long-term borrowings; and (d) based on our independent research on the non-ferrous metal companies listed in Hong Kong or the PRC, we noted that certain listed non-ferrous metal companies have adopted prepayment arrangement with relevant interest payments for their sale or purchase of non-ferrous metal products. For instance, Zijin Mining Group Company Limited (2899.HK) has made prepayments to a connected supplier with an interest rate of LIBOR+5% or 8% per annum and Tibet Summit Resources Company Limited (600338.CH) has received prepayments from a customer with an interest rate with reference to the fixed base rate and market floating rate, we consider the prepayment arrangement with interest to be paid by CMOC Limited Group under the CATL Product Sales and Procurement Framework Agreement is under normal commercial terms.

(ii) KFM Sales and Procurement Framework Agreement

Pursuant to the KFM Sales and Procurement Framework Agreement, the proposed annual caps for the transactions under the KFM Sales and Procurement Framework Agreement are set out below:

	For the year ending 31 December	
	2023	**2024**
	(US$' million)	*(US$' million)*
Products to be purchased by CMOC Group from KFM Group	1,600	2,400
Equipment, materials, relevant services, etc. to be provided by CMOC Group to KFM Group	400	400
Interests to be paid by KFM Group to CMOC Group in relation to the prepayment	25	45

Set out below is the breakdown of the products to be purchased by CMOC Group from KFM Group under the KFM Sales and Procurement Framework Agreement:

	For the year ending 31 December	
	2023	**2024**
Products to be purchased by CMOC Group from KFM Group		
– Copper products (US$ million)	**527.8**	**967.7**
Unit market price (US$ per tonne)	8,797	8,797
Quantity (tonnes)	60,000	110,000
– Cobalt products (US$ million)	**1,054.9**	**1,345.9**
Unit market price (US$ per tonne)	36,376	36,376
Quantity (tonnes)	29,000	37,000

Products to be purchased by CMOC Group from KFM Group

In assessing the reasonableness of the proposed annual caps of the products to be purchased by CMOC Group from KFM Group under the KFM Sales and Procurement Framework Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the proposed annual caps for the two years ending 31 December 2024, they have taken into account, among others, (a) the estimated production volume of copper and cobalt products of KFM Group in the future; (b) the expected demand of the Group in terms of the products provided by KFM Group; and (c) the fluctuation of the price and demand for copper and cobalt products. 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 two years ending 31 December 2024 multiplied by the respective unit market price of copper and cobalt products.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations which have also been confirmed and agreed by KFM Group. As discussed in the paragraph headed "(i) The CATL Product Sales and Procurement Framework Agreement" above, KFM is expected to be able to reach the average production capacity of approximately 86,000 tonnes of copper products and 29,000 tonnes of cobalt products for the year ending 31 December 2023 and overproduce for the year ending 31 December 2024. As disclosed in the 2023 Interim Report, the vision of the Company is to become highly respected, modern and world-class resources company. In order to take advantage of the opportunities from the global strategy of carbon neutrality and carbon peaks and to realise the vision and goals, the Company has formulated a development path, one of which is to ramp up with multiplying production capacity by expediting the construction and production of the two world-class projects, TFM and KFM. As KFM is one of the Group's important resources and reserves of copper and cobalt products, the Group intends to purchase the majority of copper and cobalt products to be produced by KFM to ensure the stableness of the Group's daily business and satisfy the increased market demand. The quantity of copper and cobalt products to be purchased by CMOC Group from KFM Group for the two years ending 31 December 2024 is then estimated based on the expected production capacity of KFM and the expected demand of CMOC Group. Based on the above, we concur with the management of the Group on such basis of the projection.

With regard to the Company's estimation on the unit market prices of copper and cobalt products for the two years ending 31 December 2024, we are advised by the management of the Group that each unit market price is projected with reference to (a) the international market price of copper cathode in 2022 of approximately US$8,797 per tonne as disclosed in the 2022 Annual Report which was the spot average price on London Metal Exchange; and (b) the international market price of cobalt metal in 2022 of approximately US$30 per lb as disclosed in the 2022 Annual Report, which was the average low price of Metal Bulletin standard grade cobalt, multiplied by the pricing coefficient of 55% to reflect the difference in the percentage of metal content and the impurity element content in the metals. On this basis, we consider the estimation of the unit market prices of copper and cobalt products for the two years ending 31 December 2024 to be acceptable.

Having taking into account (a) that the proposed annual caps which have been arrived at after discussion between CMOC Group and KFM Group have considered the expected demand of CMOC Group on copper and cobalt products as well as the estimated unit market prices of these products; (b) the average production capacity of KFM in copper and cobalt products; and (c) the basis of the estimated unit market prices of copper and cobalt products, we consider the proposed annual caps of the products to be purchased by CMOC Group from KFM Group for the two years ending 31 December 2024 to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

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

In assessing the reasonableness of the proposed annual caps of the equipment, materials, relevant services, etc. to be provided by CMOC Group to KFM Group under the KFM Sales and Procurement Framework Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the proposed annual caps for the two years ending 31 December 2024, they have taken into account, among others, the expected demand of the KFM Group in terms of the equipment, materials, relevant services, etc. provided by CMOC Group.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations which have also been confirmed and agreed by KFM Group. As advised by the management of the Group, as restricted by the limited level of local industrial development, KFM Group has to import part of its required manufacturing equipment and materials from overseas. Against this backdrop and in order to reduce production costs, the Group decided to provide such manufacturing equipment and materials to KFM Group by utilising the Group's own global procurement platform. We have obtained and reviewed the breakdown of estimated contract values for equipment and materials required by KFM Group for the year ending 31 December 2023, which amounted to approximately US$400 million in total. As advised by the management of the Group, such amounts were determined based on the preliminary production plan of KFM as well as the negotiations between the Group and third-party suppliers through the Group's own global procurement platform. Based on the above, we concur with the management of the Group on such basis of the projection.

Having taking into account that (a) the proposed annual caps which have been arrived at after discussion between CMOC Group and KFM Group have considered the expected demand of KFM Group on equipment and materials as well as the relevant prices offered by third-party suppliers; and (b) it is cost- and time-efficient to utilise the Group's established global procurement platform to provide the required manufacturing equipment and materials to KFM Group where local procurement cannot satisfy KFM Group's demand and requirements, we are of the view that the proposed annual caps of the equipment, materials, relevant services, etc. to be provided by CMOC Group to KFM Group for the two years ending 31 December 2024 are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

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

In assessing the reasonableness of the proposed annual caps of the interests to be paid by KFM Group to CMOC Group in relation to the prepayment under the KFM Sales and Procurement Framework Agreement, we have discussed with the management of the Group on the basis and assumptions underlying the projections. As advised by the management of the Group, in determining the proposed annual caps for the two years ending 31 December 2024, they have taken into account, among others, (a) the prepayment of approximately US$400.0 million to be made by CMOC Group to KFM Group; (b) the estimated interest rate of approximately 11.0% per annum; 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 two years ending 31 December 2024.

We have discussed with the management of the Group on each of the above factors and their potential impacts on the proposed annual caps and reviewed the relevant calculations which have also been confirmed and agreed by KFM Group. As advised by the management of the Group, 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. As advised by the management of the Group, such amount of prepayment is expected to be made by CMOC Group by the end of 2023 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 two years ending 31 December 2024. Based on our independent research on the official website of the Federal Reserve Bank of New York, the average 30-day and 180-day USD Secured Overnight Financing Rate (SOFR) amounted to approximately 5.31% and 5.06%, respectively as at 31 August 2023. Given the relatively high financing costs of Congo (DRC) in USD where KFM is located, the Company adopted the high-end margin of 6% in estimating the annual interest rate. As such, the projection of approximately 11.0% annual interest rate is considered to be fair and reasonable.

Having taking into account (a) that the proposed annual caps which have been arrived at after discussion between CMOC Group and KFM Group have considered the amount of prepayment to be made by CMOC Group to KFM Group, the arrangement of reducing principal amount through the sale of copper and cobalt products by KFM Group to CMOC Group as agreed by both parties and the estimated annual interest rate; and (b) the basis of the estimated interest rate per annum, we consider the proposed annual caps of the interests to be paid by KFM Group to CMOC Group in relation to the prepayment for the two years ending 31 December 2024 to be fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

As advised by the management of the Group, the Group has not provided such prepayment arrangement with interest to be paid by the counterparty to any independent third parties for similar transactions. Taking into account that (a) such prepayment arrangement demonstrated the Group's determination to develop and build KFM into a world-class copper and cobalt producer, which will ultimately benefit the Group in sourcing stable and reliable supply of metal products for its daily business and satisfying its future demand from time to time; (b) the interest rate will be determined with reference to USD Secured Overnight Financing Rate (SOFR) and the interest rates of the medium- and long-term loans granted by third party financial institutions to CMOC Group plus a margin of 2% to 6%; (c) the estimated interest rate of 11.0% per annum is much larger than the Group's annual interest rate range of long-term borrowings and a higher interest rate to be received by the Group is in the interest of the Company; and (d) based on our independent research on the non-ferrous metal companies listed in Hong Kong or the PRC, we noted that certain listed non-ferrous metal companies have adopted prepayment arrangement with relevant interest payments for their sale or purchase of non-ferrous metal products. For instance, Zijin Mining Group Company Limited (2899.HK) has made prepayments to a connected supplier with an interest rate of LIBOR+5% or 8% per annum and Tibet Summit Resources Company Limited (600338.CH) has received prepayments from a customer with an interest rate with reference to the fixed base rate and market floating rate, we consider the prepayment arrangement with interest to be paid by KFM Group under the KFM Sales and Procurement Framework Agreement is under normal commercial terms.

As disclosed in the announcements of the Group dated 23 July 2023 and 28 July 2023, on 28 July 2023, the Company executed (i) the Existing CATL Product Sales and Procurement Framework Agreement between CMOC Limited and CATL; and (ii) the Existing KFM Sales and Procurement Framework Agreement between the Company, KFM Holding and KFM Mining (collectively, the "**Existing Agreements**"). It is noted that the proposed annual caps under the Existing Agreements are much lower than the proposed annual caps under the New Agreements for the same transactions contemplated thereunder. As advised by the management of the Group, it was primarily attributable to that the actual construction and production progress of the Company's Congo (DRC) project and KFM project have accelerated. In reviewing the proposed annual caps under the New Agreements, we have (i) reviewed the internal calculation worksheets in determining the respective proposed annual caps which were prepared by the Group based on, among other things, the expected production capacity of

KFM, Huayue and CATL Group and the expected demand of CATL Group, the Group and KFM Group on non-ferrous metal products, equipment, materials and relevant services, which (a) were estimated based on the Group's understanding in the current status of KFM and future development plan, as well as the Group's reference to its strategy to strengthen its cooperation with CATL Group; and (b) has been confirmed and agreed by CATL Group and KFM Group. We have independently searched on the public domain and reviewed the relevant documents including but not limited to the 2022 Annual Report, the 2023 Interim Report, the Group's announcement dated 8 November 2019, public information on Mysteel and other news websites, and we noted that the expected production capacity of KFM, Huayue and CATL Group in the Group's projection were consistent with those stated in the aforesaid documents we have reviewed. In respect of the estimation on the unit market prices of metal products, we have (a) reviewed the 2022 Annual Report and noted that the unit market prices before the relevant pricing coefficient in the Group's projection were consistent with those stated in the 2022 Annual Report, which were the average prices on London Metal Exchange (a recognised investment exchange and a recognised publisher of reference prices for various metals) and Metal Bulletin (a specialist international publisher and information provider for the global steel, non-ferrous and scrap metals markets founded in 1913) in 2022; (b) independently searched on Bloomberg and noted that the unit market prices of copper, cobalt and nickel products before the relevant pricing coefficient in the Group's projection were within the respective ranges of the average prices of copper, cobalt and nickel products in 2022 and from 3 January 2022 to 25 September 2023, as shown on Bloomberg; and (c) independently reviewed the basis of determining the prices of metal products by certain metal companies listed on the Stock Exchange and noted that they have generally taken into account, among others, the market price quoted on Shanghai Futures Exchange, London Metal Exchange and Metal Bulletin as well as certain adjustments mainly involving the basis coefficient pricing, the moisture content, the percentage of metal content and impurity element content in the metals, which are similar to the pricing basis of the Group; and (ii) performed independent research on the industry outlook of non-ferrous metal products sector in the PRC which shows sustainable and solid growth as driven by the rapid development of electric vehicles, new energy batteries and energy storage equipment markets and the promulgation of favourable government policies to support the growth of the new energy market in the PRC. According to the "14th Five-Year Plan for Circular Economy Development" (「十四五」循環經濟發展規劃) issued by China's National Development and Reform Commission in July 2021, it emphasised the importance of improving the overall resource utilisation capacity, building a resource recycling industrial system and developing the circular economy by 2025, through among others, establishing a recycling service network in collaboration with new energy vehicle manufacturers and waste power battery cascade utilization companies.

Generally speaking, in our opinion, it is in the interests of the Group and the Independent Shareholders for the proposed annual caps of the New Agreements to be as accommodating to the Group's development plan as possible taking into account the positive market outlook of non-ferrous metal products sector in the PRC and the possibility of higher global market prices of non-ferrous metal products. Provided that the terms of the Transactions are fair and reasonable and the conduct of the Transactions are subject to annual review by the independent non-executive Directors and auditors of the Company as required under the Listing Rules, the

Group would have flexibility in conducting and expanding its businesses and enhancing its strategic cooperation with CATL Group if the proposed annual caps are tailored to future business growth. In assessing the fairness and reasonableness of the proposed annual caps of the New Agreements, we have discussed with the management of the Group the bases of the calculation and the factors contributing to the fixing of the proposed annual caps as stated above in this section. Based on the above analysis, we are of the view that the proposed annual caps are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

7. Reporting requirements and conditions of the Transactions

Pursuant to Rules 14A.55 to 14A.59 of the Listing Rules, the Transactions are subject to the following annual review requirements:

(i) the independent non-executive Directors must review the Transactions and confirm in the annual report and accounts that the Transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or better; and

(c) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole;

(ii) the Company must engage its auditors to report on the Transactions every year. The Company's auditors must provide a letter to the Board (with a copy to be provided to the Stock Exchange at least ten business days before the bulk printing of the Company's annual report) confirming whether anything has come to their attention that causes them to believe that the Transactions:

(a) have not been approved by the Board;

(b) were not, in all material respects, in accordance with the pricing policies of the Group if the Transactions involve the provision of goods or services by the Group;

(c) were not entered into, in all material respects, in accordance with the relevant agreement governing the Transactions; and

(d) have exceeded the proposed annual caps;

(iii) the Company must allow, and ensure that the counter-parties to the Transactions allow, the Company's auditors sufficient access to their records for the purpose of the reporting on the Transactions as set out in paragraph (ii); and

(iv) the Company must promptly notify the Stock Exchange and publish an announcement if the independent non-executive Directors and/or auditors of the Company cannot confirm the matters as required.

In light of the reporting requirements attached to the Transactions, in particular, (i) the restriction of the value of the Transactions by way of the proposed annual caps; and (ii) the ongoing review by the independent non-executive Directors and the auditors of the Company of the terms of the Transactions and the proposed annual caps not being exceeded, we are of the view that appropriate measures have been in place to monitor the conduct of the Transactions and assist in safeguarding the interests of the Independent Shareholders.

OPINION AND RECOMMENDATION

Having taken into account the above principal factors and reasons, we consider that the Transactions (including the proposed annual caps) are conducted in the ordinary and usual course of business of the Group, on normal commercial terms, fair and reasonable so far as the Independent Shareholders are concerned and in the interests of the Company and the Shareholders as a whole. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the EGM to approve the Transactions (including the proposed annual caps).

Yours faithfully,
For and on behalf of
Rainbow Capital (HK) Limited
Danny Leung
Managing Director

Mr. Danny Leung is a licensed person and a responsible officer of Rainbow Capital (HK) Limited registered with the Securities and Futures Commission to carry out type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities under the SFO. He has over 10 years of experience in the corporate finance industry.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading and deceptive, and there are no other matters the omission of which would make any statement in this circular misleading.

2. DISCLOSURE OF INTERESTS

(a) Directors', Chief Executives' and Supervisors' Interests and Short Positions in shares, underlying shares and debentures of the Company or any associated corporations

As at the Latest Practicable Date, the shareholding of A Shares of the current Directors, chief executives and Supervisors of the Company was as follows:

Name	Number of Shares held	Percentage in total share capital
Yuan Honglin	9,063,887	0.042%
Sun Ruiwen	18,000,000	0.083%
Li Chaochun	9,087,692	0.042%
Zhang Zhenhao	1,063,500	0.005%
Total	37,215,079	0.172%

Note: Mr. Yuan Honglin, Mr. Sun Ruiwen and Mr. Li Chaochun are deemed to be interested in 8,013,287 A Shares, 18,000,000 A Shares and 7,500,000 A Shares respectively by virtue of their participation as incentive recipients in the employee share ownership plan of the Company adopted on 21 May 2021 (the "**Employee Share Ownership Plan**"). On 22 September 2022, as approved by the management committee of the Employee Share Ownership Plan, the 2021 First Phase of Employee Share Ownership Plan assigned relevant interests to relevant incentive recipients who had accomplished the performance appraisal indicators during the first tranche of interest allocation period, of which Mr. Yuan Honglin, Mr. Li Chaochun and Mr. Sun Ruiwen were awarded 2,404,000 A Shares, 2,250,000 A Shares and 5,400,000 A Shares, respectively.

As of the Latest Practicable Date, none of the undertakers has reduced his/her holdings in the Shares.

As at the Latest Practicable Date, the shareholding of H Shares of the current Directors, chief executives and Supervisors of the Company was as follows:

Name	Number of Shares held	Percentage in total share capital
Wang Gerry Yougui	311,000	0.001%

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, none of the Directors, chief executives and Supervisors and their respective associates had interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO, which required the Company and Stock Exchange to be notified pursuant to Part XV of the SFO or which were required to be entered into the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

(b) Substantial Shareholders' Interests in Shares

To the best knowledge of all Directors and Supervisors, as at the Latest Practicable Date, the persons or companies (other than Directors, the chief executives of the Company or Supervisors) who had interests or short positions in the Shares and underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance or who were deemed to be directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company were as follows:

Name	Number of Shares held	Capacity	Class of Share	Approximate percentage of shares in relevant class of Shares
Luoyang Mining Group Co., Ltd. ("**LMG**")	5,329,780,425	Beneficial owner	A Share	30.17%
Sichuan Contemporary Amperex Technology Limited	5,329,780,425	Interest in controlled corporation	A Share	30.17%
Cathay Fortune Corporation ("**CFC**")	5,030,220,000	Beneficial owner	A Share	28.47%
	303,000,000(L)	Interest in controlled corporation	H Share	7.70%(L)
Cathay Fortune Investment Limited ("**Cathay Hong Kong**")(1)	91,518,000(L)	Beneficial owner	H Share	2.33%(L)
Cathay Fortune International Company Limited	211,482,000(L)	Beneficial owner	H Share	5.37%(L)

Name	Number of Shares held	Capacity	Class of Share	Approximate percentage of shares in relevant class of Shares
Yu Yong(2)	5,030,220,000	Interest in controlled corporation	A Share	28.47%
	303,000,000(L)	Interest in controlled corporation	H Share	7.70%(L)
BlackRock, Inc.(3)	312,716,658(L)	Interest in controlled corporation	H Share	7.95%(L)
	3,969,000(S)			0.10%(S)

Notes: (L) – Long position, (S) – Short position

(1) Cathay Hong Kong and Cathay Fortune International Company Limited are wholly-owned subsidiaries of CFC in Hong Kong.

(2) Mr. Yu Yong holds 99% interest in CFC and is deemed to hold 5,030,220,000 A Shares held directly by CFC. In addition, Mr. Yu Yong is deemed to hold long position of 303,000,000 H Shares. CFC, Cathay Fortune International Company Limited and Cathay Hong Kong, being the controlled corporations, directly or indirectly hold the Shares.

(3) BlackRock, Inc. is deemed to hold a total of long position of 312,716,658 H Shares and short position of 3,969,000 H Shares due to its control rights over a number of companies. Trident Merger, LLC, BlackRock Investment Management, LLC, BlackRock Holdco 2, Inc., BlackRock Financial Management, Inc., BlackRock Holdco 4, LLC, BlackRock Holdco 6, LLC, BlackRock Delaware Holdings Inc., BlackRock Institutional Trust Company, National Association, BlackRock Fund Advisors, BlackRock Capital Holdings, Inc., BlackRock Advisors, LLC, BlackRock International Holdings, Inc., BR Jersey International Holdings L.P., BlackRock Lux Finco S.àr.l., BlackRock Japan Holdings GK, BlackRock Japan Co., Ltd., BlackRock Holdco 3, LLC, BlackRock Canada Holdings LP, BlackRock Canada Holdings ULC, BlackRock Asset Management Canada Limited, BlackRock Australia Holdco Pty. Ltd., BlackRock Investment Management (Australia) Limited, BlackRock (Singapore) Holdco Pte. Ltd., BlackRock HK Holdco Limited, BlackRock Asset Management North Asia Limited, BlackRock Cayman 1 LP, BlackRock Cayman West Bay Finco Limited, BlackRock Cayman West Bay IV Limited, BlackRock Group Limited, BlackRock Finance Europe Limited, BlackRock (Netherlands) B.V., BlackRock Advisors (UK) Limited, BlackRock International Limited, BlackRock Group Limited-Luxembourg Branch, BlackRock Luxembourg Holdco S.àr.l., BlackRock Investment Management Ireland Holdings Limited, BlackRock Asset Management Ireland Limited, BLACKROCK (Luxembourg) S.A., BlackRock Investment Management (UK) Limited, BlackRock Fund Managers Limited, BlackRock Life Limited, BlackRock (Singapore) Limited, BlackRock UK Holdco Limited, BlackRock Asset Management Schweiz AG, EG Holdings Blocker, LLC, Amethyst Intermediate, LLC, Aperio Holdings, LLC and Aperio Group, LLC being the controlled corporations, directly or indirectly hold the shares of the Company.

Save as disclosed above, as at the Latest Practicable Date, the Directors were not aware of any other persons (other than a Director, chief executive of the Company or Supervisor) who had interests or short positions in the Shares and underlying Shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO.

Mr. Yuan Honglin, the non-executive Director and the Chairman of the Board, is also a director of CFC, Cathay Hong Kong and Cathay Fortune International Company Limited. Mr. Zhang Zhenhao, the Supervisor, is also a director of CFC, Cathay Hong Kong and Cathay Fortune International Company Limited and the general manager of the finance department of CFC. Save as disclosed above, as at the Latest Practicable Date, none of the Directors or Supervisors was a director, supervisor or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

3. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS AND/OR CONTRACTS

As at the Latest Practicable Date, none of the Directors or the Supervisors had any direct or indirect interest in any assets which have been, since 31 December 2022, being the date to which the latest published audited accounts of the Company were made up, acquired or disposed of by or leased to any member of the Group, or proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors or the Supervisors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

4. DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contracts with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

5. MATERIAL ADVERSE CHANGES

As at the Latest Practicable Date, the Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2022, being the date to which the latest published audited financial statements of the Company were made up.

6. COMPETING INTERESTS

The table below summarizes the information of the Directors and Supervisors serving in CATL and/or its associates as at the Latest Practicable Date.

Name	Major position(s) in the Group	Position in the specific company
Mr. Lin Jiuxin	• Non-executive Director	• Deputy director of the Safety Production Committee and a member of the Resources Committee of CATL
Mr. Jiang Li	• Non-executive Director	• Deputy general manager and secretary to the board of CATL
Mr. Zheng Shu	• Non-employee representative Supervisor	• Chief financial officer of CATL

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or Supervisors or their respective associates was interested in any business (apart from the Group's business) which competes or is likely to compete either directly or indirectly with the Group's business (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them was a controlling Shareholder).

7. LITIGATION

As at the Latest Practicable Date, neither the Company nor any member of the Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any member of the Group.

8. EXPERT'S QUALIFICATION AND CONSENT

The following sets out the qualifications of the expert which has given its opinion or advice as contained in this circular:

Name	Qualifications
Rainbow Capital	a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Rainbow Capital has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter and references to its name in the form and context in which it appears.

As at the Latest Practicable Date, Rainbow Capital was not beneficially interested in the share capital of any member of the Group nor has any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group. In addition, Rainbow Capital did not have any interest, either directly or indirectly, in any assets which have been, since 31 December 2022 (being the date to which the latest published audited consolidated financial statements of the Company were made up), acquired or disposed of by or leased to or are proposed to be acquired or disposed of by or leased to any member of the Group.

9. MISCELLANEOUS

(a) The Company's registered office is at North of Yihe, Huamei Shan Road, Chengdong New District, Luanchuan County, Luoyang City, Henan Province, the PRC.

(b) The H Share Registrar of the Company is Computershare Hong Kong Investor Services Limited located at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

(c) The joint company secretaries of the Company are Mr. Xu Hui, the secretary to the Board, and Ms. Ng Sau Mei *(FCG, HKFCG)*. Ms. Ng Sau Mei is a Chartered Secretary, a Chartered Governance Professional and a fellow member of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

(d) The English text of this circular shall prevail over the Chinese text in the event of any inconsistency.

10. DOCUMENTS ON DISPLAY

Copies of the following documents are published on the website of the Company (www.cmoc.com) and the Stock Exchange (www.hkexnews.hk) for a period of 14 days from the date of this circular:

(a) the CATL Product Sales and Procurement Framework Agreement;

(b) the KFM Sales and Procurement Framework Agreement;

(c) the letter from the Independent Board Committee, the text of which is set out on pages 25 to 26 of this circular;

(d) the letter from Rainbow Capital, the Independent Financial Adviser, the text of which is set out on pages 27 to 54 of this circular;

(e) written consent issued by Rainbow Capital referred to in the paragraph headed "Expert's Qualification and Consent" above; and

(f) this circular.

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)

NOTICE OF THE 2023 SECOND EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2023 second extraordinary general meeting (the "**EGM**") of CMOC Group Limited* (the "**Company**") will be held at the conference room, 3rd Floor, Block 2, Hongshang Building, 18 Gongping Road, Hongkou District, Shanghai, the People's Republic of China (the "**PRC**") at 10:00 a.m. on Friday, 8 December 2023 for the purposes of considering, and if thought fit, approving the following resolutions. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the circular of the Company dated 17 November 2023.

ORDINARY RESOLUTIONS

1. "To consider and approve the Proposal on the CATL Product Sales and Procurement Framework Agreement and the Proposed Transactions Contemplated thereunder (including the Proposed Annual Caps thereto)."

2. "To consider and approve the Proposal on the KFM Sales and Procurement Framework Agreement and the Proposed Transactions Contemplated thereunder (including the Proposed Annual Caps thereto)."

SPECIAL RESOLUTION

3. "To consider and approve the Resolution on the Absorption and Merger of the Wholly-owned Subsidiary of the Company."

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

Luoyang City, Henan Province, the PRC, 17 November 2023

As at the date of this notice, 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*

Notes:

(1) All resolutions at the meeting will be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates to a procedural or administrative matter to be voted on by a show of hands pursuant to the Listing Rules. The results of the poll will be published on the websites of the Hong Kong Stock Exchange and the Company in accordance with the Listing Rules.

(2) Each H Shareholder who has the right to attend and vote at the EGM is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his behalf at the EGM. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing. In case that an appointer is a body corporate, the instrument must be either under the common seal of the body corporate or under the hand of its director or other person, duly authorised. If the instrument appointing a proxy is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign, or other documents of authorisation, must be certified by a notary public. For H Shareholders, the form of proxy and the notarially certified power of attorney or other documents of authorisation must be delivered to the Company's H Share registrar at the address stated in note (6) below by post or facsimile (for H Shareholders only), not later than 10:00 a.m. on Thursday, 7 December 2023 (or if the EGM is adjourned, not less than 24 hours before the time appointed for holding the adjournment EGM (as the case may be)). Completion and return of the form of proxy will not preclude a Shareholder from attending and voting at the EGM or any adjournment should he/she so wish.

(3) In order to determine the list of H Shareholders who will be entitled to attend and vote at the EGM, the register of members of H Shares of the Company will be closed from Tuesday, 5 December 2023 to Friday, 8 December 2023 (both days inclusive) during which period no transfer of H Shares will be effected. H Shareholders whose names appear on the register of members of H Shares of the Company at 4:30 p.m. on Monday, 4 December 2023 shall be entitled to attend and vote at the EGM. In order for the H Shareholders to qualify for attending and voting at the EGM, Shareholders whose H Shares are not registered in their names should complete and lodge their respective instruments of transfer with the relevant H Share certificates with Computershare Hong Kong Investor Services Limited, the Company's H Share registrar in Hong Kong, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, and in any case no later than 4:30 p.m. on Monday, 4 December 2023.

(4) Shareholders or their proxies must present proof of their identities upon attending the EGM. Should a proxy be appointed, the proxy must also present copies of his/her proxy form, or copies of appointing instrument and power of attorney, if applicable.

(5) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer, or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of Shares in respect of which the proxy is given, provided that no notice in writing of these matters shall have been received by the Company prior to the commencement of the EGM.

(6) The address and contact details of the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, are as follows:

17M Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong
Telephone No.: (+852) 2862 8555
Facsimile No.: (+852) 2865 0990/(+852) 2529 6087

(7) The address and contact details of the Company's office of the Board at its principal place of business in the PRC are as follows:

North of Yihe
Huamei Shan Road
Chengdong New District
Luanchuan County
Luoyang City
Henan Province
The People's Republic of China
Postal code: 471500
Telephone No.: (+86) 379 6860 3993
Facsimile No.: (+86) 379 6865 8017

The EGM is expected to last not more than one day. Shareholders or proxies attending the EGM are responsible for their own transportation and accommodation expenses.