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
(1) THE CATL PRODUCT SALES AND PROCUREMENT FRAMEWORK AGREEMENT
AND
(2) THE KFM SALES AND PROCUREMENT FRAMEWORK AGREEMENT
PROPOSED CANCELLATION OF THE REPURCHASED A SHARES UNDER THE A SHARE REPURCHASE PLAN (PHASE II)
PROPOSED CHANGES OF REGISTERED CAPITAL AND COMPANY TYPE AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION
AND
NOTICE OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING
NOTICE OF THE 2024 FIRST CLASS MEETING OF H SHAREHOLDERS

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

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

A letter from the Board is set out on pages 5 to 27 of this circular. Notices convening the EGM and the Class Meeting of H Shareholders to be held at International Hotel Luoyang, Luolong District, Luoyang City, Henan Province, the PRC on Tuesday, 10 December 2024 are set out on pages EGM-1 to EGM-2 and pages HCM-1 to HCM-2 of this circular, respectively. The forms of proxy for use in connection with the EGM and the Class Meeting of H Shareholders have also been attached to this circular.

Whether or not you are able to attend the EGM and the Class Meeting of H Shareholders in person, you are requested to complete, sign and return the forms of proxy applicable to the EGM and the Class Meeting of H Shareholders in accordance with the instructions printed thereon. For H Shareholders, the forms of proxy applicable to the EGM and the Class Meeting of H Shareholders 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 Monday, 9 December 2024 (or if the EGM and the Class Meeting of H Shareholders are adjourned, such time shall be no less than 24 hours before the time designated for holding the relevant meetings).

Completion and return of the forms of proxy applicable to the EGM and the Class Meeting of H Shareholders will not preclude you from attending and voting in person at the EGM and the Class Meeting of H Shareholders or any adjournments thereof should you so wish.

* *For identification purposes only*

20 November 2024

CONTENTS

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

"2023 Annual Report"	the annual report of the Company for the year ended 31 December 2023 published on 25 April 2024
"A Share(s)"	domestic share(s) with a nominal value of RMB0.20 each issued by the Company which are listed on the SSE and traded in RMB (stock code: 603993)
"A Share Repurchase Plan (Phase II)"	the Company's plan for the repurchase of A Shares through centralized bidding (phase II)
"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
"Articles of Association"	the articles of association of the Company
"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
"Class Meeting of A Shareholders"	the 2024 first class meeting of A Shareholders of the Company (and any adjournment thereof) to be held on Tuesday, 10 December 2024 after the EGM at International Hotel Luoyang, Luolong District, Luoyang City, Henan Province, the PRC

"Class Meeting of H Shareholders"	the 2024 first class meeting of H Shareholders of the Company (and any adjournment thereof) to be held on Tuesday, 10 December 2024 after the EGM and the Class Meeting of A Shareholders at International Hotel Luoyang, Luolong District, Luoyang City, Henan Province, the PRC
"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
"Director(s)"	the director(s) of the Company
"EGM"	the 2024 first extraordinary general meeting of the Company (and any adjournment thereof) to be held at 10:00 a.m. on Tuesday, 10 December 2024 at International Hotel Luoyang, Luolong District, Luoyang City, Henan Province, 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 Kaiguo, Ms. Gu Hongyu and Mr. Cheng Gordon, the independent non-executive Directors, formed for the purpose of advising the Independent Shareholders in respect of the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto)
"Independent Financial Adviser" or "Rainbow Capital"	Rainbow Capital (HK) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), being the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto)
"Independent Shareholders"	Shareholders other than CATL and its associates
"IXM"	IXM Holding S.A., which is a wholly-owned subsidiary of the Company. Reference to IXM also includes its subsidiaries and affiliates
"KFM" or "KFM Mining"	CMOC KISANFU MINING SARL, a company incorporated in Democratic Republic of the Congo with limited liability, which is a subsidiary of KFM Holding
"KFM Continuing Connected Transactions"	the transactions between CMOC Group and KFM Group under the KFM Sales and Procurement Framework Agreement
"KFM Copper and Cobalt Mine"	Kisanfu Copper and Cobalt Mine Area located in Congo (DRC)
"KFM Group"	KFM Holding and KFM Mining and their respective subsidiaries
"KFM Holding"	KFM Holding Limited, a company incorporated in Hong Kong with limited liability, which is ultimately controlled as to 75% and 25% by the Company and CATL, respectively, as at the 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 2024, 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"	The United States of America
"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 *(President)*
LI Chaochun *(Vice Chairman)*

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

Independent non-executive Directors:
WANG Kaiguo
GU Hongyu
CHENG Gordon

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

20 November 2024

To the Shareholders

Dear Sir/Madam,

CONTINUING CONNECTED TRANSACTIONS UNDER
(1) THE CATL PRODUCT SALES AND PROCUREMENT FRAMEWORK AGREEMENT
AND
(2) THE KFM SALES AND PROCUREMENT FRAMEWORK AGREEMENT
PROPOSED CANCELLATION OF THE REPURCHASED A SHARES
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1. INTRODUCTION

We refer to the announcement of the Company dated 28 October 2024 in relation to, among other things, the continuing connected transactions under each of the CATL Product Sales and Procurement Framework Agreement and the KFM Sales and Procurement Framework Agreement, respectively. We also refer to the announcement of the Company dated 28 October 2024 in relation to, among other things, the proposed cancellation (the "**Proposed Cancellation**") of the repurchased A Shares under the A Share Repurchase Plan (Phase II) and the proposed amendments (the "**Proposed Amendments**") to the Articles of Association.

The purpose of this circular is to provide you with, among other things, (i) details of the continuing connected transactions under each of the Agreements; (ii) details of the Proposed Cancellation; (iii) details of the proposed changes of the registered capital and company type of the Company (the "**Proposed Changes**") and the Proposed Amendments; (iv) the advice of the Independent Financial Adviser in respect of the terms of each of the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto); (v) the recommendation of the Independent Board Committee to the Shareholders in respect of each of the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto); (vi) the notices of the EGM and the Class Meeting of H Shareholders; and (vii) other information as required under the Listing Rules.

2. CONTINUING CONNECTED TRANSACTIONS

We refer to the announcement of the Company dated 28 October 2024 in relation to, among other things, the continuing connected transactions under each of the CATL Product Sales and Procurement Framework Agreement and the KFM Sales and Procurement Framework Agreement, respectively. As the current CATL product sales and procurement framework agreement and the KFM sales and procurement framework agreement will expire on 31 December 2024, the Board approved on 28 October 2024, that (i) CMOC Limited to enter into the CATL Product Sales and Procurement Framework Agreement with CATL; and (ii) the Company to enter into the KFM Sales and Procurement Framework Agreement with KFM Holding and KFM Mining, conditioned upon the parties obtaining their own necessary authorization or approval, respectively, in accordance with the relevant provisions in their own articles of association or constitutional or similar documents and applicable listing rules.

I. The CATL Continuing Connected Transactions

Principle Terms of the CATL Product Sales and Procurement Framework Agreement

Parties	(a) CMOC Limited; and (b) CATL
Term	From 1 January 2025 to 31 December 2027, conditioned upon the parties obtaining their own necessary authorization or approval, respectively, in accordance with the relevant provisions in their own articles of association or constitutional or similar documents and applicable listing rules
Subject Matter	(i) 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 and copper 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.*

(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.

* 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.

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

Historical Transaction Amounts and Existing Annual Caps

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

	For the Year Ended 31 December 2023		For the Eight Months Ended 31 August 2024	For the Year Ending 31 December 2024
	Historical Transaction Amount	Existing Annual Cap	Historical Transaction Amount	Existing Annual Cap
		(US$ million)		
Products sold by CMOC Limited Group to CATL Group (*Note 1*)	255.39	1,500	546.18	1,800
Products purchased by CMOC Limited Group from CATL Group (*Note 2*)	–	600	–	600
Interests paid by CMOC Limited Group to CATL Group in relation to the prepayment	72.36	120	63.50	110

Notes:

1. Under the current CATL product sales and procurement framework agreement, CMOC Limited Group would sell copper, cobalt, nickel and lithium products to CATL Group. The relatively low historical transaction amount for the year ended 31 December 2023 and the eight months ended 31 August 2024 was primarily attributable to (i) the lower market price of cobalt products than the estimated. As disclosed in the 2023 Annual Report, the international market price of cobalt metal in 2023 was US$15.11 per pound, which was significantly lower than that in 2022 of US$30.29 per pound, being the then basis for determination of the existing annual caps for the two years ending 31 December 2024; and (ii) a relatively low quantity of metal products sold by CMOC Limited Group to CATL Group as a result of the business decision of the both parties after considering the market condition and degree of alignment of metal products sold by CMOC Limited Group with production demands from CATL Group.

2. The existing annual caps of the products purchased by CMOC Limited Group from CATL Group for the two years ending 31 December 2024 were determined primarily for the nickel products, which are part of the commodities to be purchased by IXM during its trading business. The historical purchase amount of such products for the year ended 31 December 2023 and the eight months ended 31 August 2024 is nil due to the business decision of IXM made during its ordinary course of trading business. When deciding whether to purchase a specific product (including nickel), IXM would normally consider various factors, including the market price, the Group's then resource allocation and the demand for such products from its potential downstream customers. Furthermore, downstream customers would have specific requirements on the price, quantity and types of nickel products, and may also have different preferences for other terms of the transaction, including time, method and place of delivery. As the nickel products supplied by CATL Group did not coincide with the demand of IXM's potential downstream customers during the above-mentioned period, IXM did not purchase nickel products from CATL Group, and there was no transaction in relation to purchase of nickel products by CMOC Limited Group from CATL Group conducted in such period.

Proposed Annual Caps

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

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

Basis for Determining the Proposed Annual Caps

Products to be sold by CMOC Limited Group to CATL Group

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

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

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

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

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

(b) the estimated unit market price for copper, cobalt, nickel and lithium products for the three years ending 31 December 2027, which is based on (i) the international market price of copper cathode in 2023 of US$8,483 per tonne as disclosed in the 2023 Annual Report; (ii) the international market price of cobalt metal in 2023 of US$15.11 per pound (approximately US$33,312 per tonne) as disclosed in the 2023 Annual Report, multiplied by the pricing coefficient of 60%, with reference to historical pricing coefficient published by Fastmarkets, to reflect, among other things, the difference in the metal content percentage and the impurity element content in the metals; (iii) the international market price of nickel metal in 2023 of US$21,505 per tonne as disclosed in the 2023 Annual Report, multiplied by the pricing coefficient of 70%, with reference to the historical prices of relevant nickel products published by Shanghai Metals Market (https://www.smm.cn/) and LME as well as historical transactions conducted by the Group, to reflect, among other things, the difference in the metal content percentage and the impurity element content in the metals; and (iv) the average price of active lithium carbonate contracts in 2023 of US$22,498 per tonne published by Guangzhou Futures Exchange.

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 three years ending 31 December 2027 multiplied by the respective unit market price of copper, cobalt, nickel and lithium products, plus a 10% buffer for fluctuation in the price for copper, cobalt, nickel and lithium products in the future.

Products to be purchased by CMOC Limited Group from CATL Group

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

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

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

For the nickel products, the Company believes that the growth rate of nickel demand for stainless steel is relatively stable, while the nickel demand for power battery is its main source of growth, which would support the steady and sustainable market demand for nickel products. At the same time, the nickel inventories on the exchanges remain at a relatively low level, which will form an underlying support for nickel prices. For the copper products, the Company takes into consideration the estimated production volume of copper products of CATL Group in the future as well as the strategic procurement allocation of the Group in terms of the copper products. Therefore, the estimated quantity of nickel products to be purchased by CMOC Limited Group from CATL Group is arrived at approximately 25,000 tonnes, 26,000 tonnes and 27,000 tonnes for the three years ending 31 December 2027, respectively, and the estimated quantity of copper products to be purchased by CMOC Limited Group from CATL Group is approximately 43,000 tonnes, 43,000 tonnes and 63,000 tonnes for the three years ending 31 December 2027, respectively, taking into consideration (i) the average production capacity of CATL Group; and (ii) the expected maximum amount of such products to be purchased by CMOC Limited Group during the trading business of IXM for the following three years based on the aforesaid estimations of market demand as well as the Group's own demand of such products.

(b) the estimated unit market price for nickel and copper products for the three years ending 31 December 2027, which is based on (i) the international market price of nickel metal in 2023 of US$21,505 per tonne as disclosed in the 2023 Annual Report, multiplied by the pricing coefficient of 70%, with reference to the historical prices of relevant nickel products published by Shanghai Metals Market (https://www.smm.cn/) and LME as well as historical transactions conducted by the Group, to reflect, among other things, the difference in the metal content percentage and the impurity element content in the metals; and (ii) the international market price of copper cathode in 2023 of US$8,483 per tonne as disclosed in the 2023 Annual Report.

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

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

The following factors have been taken into account in determining the proposed annual caps for the three years ending 31 December 2027: (a) the estimated outstanding balance as of 1 January 2025 of approximately US$1.68 billion for the prepayment made by CATL Group to CMOC Limited Group in 2023; (b) an estimated annual interest rate of approximately 5.00%, which is determined with reference to the range of the interest rate for long-term borrowing of the Group; (c) the arrangement of reducing principal amount of prepayment through the sale of copper, cobalt, nickel and lithium products by CMOC Limited Group to CATL Group for the three years ending 31 December 2027; and (d) a 10% buffer for fluctuation in the outstanding balance for the prepayment made by CATL Group to CMOC Limited Group in the three years ending 31 December 2027 resulted from the *ad hoc* purchases to be made by CATL Group.

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

CATL is a global leader of new energy innovative technologies and a leading player in the battery industry of China. Copper, cobalt, nickel and lithium are critical battery materials. The Company has established a strategic partnership with CATL to jointly develop KFM Copper and Cobalt Mine. In order to consolidate the strategic partnership with CATL and expand its supplier base, the Company decided to directly purchase nickel products produced by CATL Group from CATL Group. Such nickel products mainly include nickel intermediate products (ferronickel), which are different from the refined nickel products, the main nickel products to be sold by the Group to CATL, in following aspects: (i) in terms of production processes, ferronickel is obtained by smelting nickel ore while refined nickel is separated from nickel ore generally through electrolytic refining; (ii) in terms of standards and qualities, ferronickel is stable both physically and chemically and refined nickel has a relatively high purity due to the difference of chemical compositions in such two products; and (iii) in terms of applications, ferronickel is mainly used in the production of stainless steel, alloy steel, alloy castings and other high-strength materials, while refined nickel is widely used in the high-tech industry.

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

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

The Directors (including the independent non-executive Directors) are of the view that the CATL Product Sales and Procurement Framework Agreement and the transactions contemplated thereunder are in the ordinary and usual course of business of the Group and on normal commercial terms, and the terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

II. The KFM Continuing Connected Transactions

Principle Terms of the KFM Sales and Procurement Framework Agreement

Parties	(a) the Company; (b) KFM Holding; and (c) KFM Mining
Term	From 1 January 2025 to 31 December 2027, conditioned upon the parties obtaining their own necessary authorization or approval, respectively, in accordance with the relevant provisions in their own articles of association or constitutional or similar documents and applicable listing rules
Subject Matter	(i) CMOC Group agrees to purchase and KFM Group agrees to sell copper and cobalt products; (ii) CMOC Group agrees to sell and KFM Group agrees to purchase the equipment, materials, relevant services, etc.

Subsequent Agreements

Members of CMOC Group and KFM Group will enter into the subsequent agreement with respect of each transaction contemplated under the KFM Sales and Procurement Framework Agreement according to the principles prescribed thereunder (the "**KFM Subsequent Agreement(s)**").

Pricing Policies

(1) As for the products 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 will be referred to (i) the copper price quoted by LME (https://www.lme.com/); or (ii) the cobalt price quoted by Fastmarkets (https://www.fastmarkets.com/) multiplied by the relevant price coefficient. 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 US$ 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 US$ financing costs in the DRC, the return on deposit funds, and the Federal Reserve's view on the trend of interest rates.*

(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.

* 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 KFM Group to CMOC Limited Group in relation to the prepayment" below.

The market price of the equipment and relevant services will be referred 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 will be referred 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 Existing Annual Caps

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

	For the Year Ended 31 December 2023		For the Eight Months Ended 31 August 2024	For the Year Ending 31 December 2024
	Historical Transaction Amount	Existing Annual Cap	Historical Transaction Amount	Existing Annual Cap
	(US$ million)			
Products to be purchased by CMOC Group from KFM Group	1,158.33	1,600	1,686.50	2,400
Equipment, materials, relevant services, etc. to be provided by CMOC Group to KFM Group	192.95	400	257.56	400
Interests to be paid by KFM Group to CMOC Group in relation to the prepayment	3.98	25	–	45

Proposed Annual Caps

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

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

Basis for Determining the Proposed Annual Caps

Products to be purchased by CMOC Group from KFM Group

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

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

It is expected that KFM Copper and Cobalt Mine's average annual production capacity of copper products and cobalt products will reach approximately 172,000 tonnes and 83,000 tonnes respectively for the two years ending 31 December 2026, respectively, and Phase II of KFM Copper and Cobalt Mine will be put into production in 2027, further increasing the average production capacity of copper products and cobalt products for the year ending 31 December 2027. In order to take advantage of the opportunities from the global strategy of carbon neutrality and carbon peaks and to realize the vision and goals, the Company has formulated a development path by expediting the construction and production of the two world-class projects, TFM and KFM Copper and Cobalt Mine. As KFM Copper and Cobalt Mine is one of the Group's important resources and reserves of copper and cobalt products, the Group intends to purchase most of the copper and cobalt products produced by KFM Copper and Cobalt Mine to ensure the stability of the Group's daily business and meet the growing market demand.

(b) the estimated unit market price for copper and cobalt products for the three years ending 31 December 2027, which is based on (i) the international market price of copper cathode in 2023 of US$8,483 per tonne as disclosed in the 2023 Annual Report; and (ii) the international market price of cobalt metal in 2023 of US$15.11 per pound (approximately US$33,312 per tonne) as disclosed in the 2023 Annual Report, multiplied by the pricing coefficient of 60%, with reference to historical pricing coefficient published by Fastmarkets, to reflect, among other things, the difference in the metal content percentage and the impurity element content in the metals.

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

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

The following factors have been taken into account in determining the proposed annual caps for the three years ending 31 December 2027: (a) the expected demand of the KFM Group on the equipment, materials, relevant services, etc. provided by CMOC Group, taking into account Phase II of KFM Copper and Cobalt Mine which is expected to be put into production in 2027. In particular, for the three years ending 31 December 2027, calculated based on the above-mentioned pricing policies, the amounts for the equipment and materials to be provided by CMOC Group for Phase I of KFM Copper and Cobalt Mine are estimated to be approximately US$430 million, US$420 million and US$410 million, respectively; the amounts for the equipment and materials to be provided by CMOC Group for Phase II of KFM Copper and Cobalt Mine are estimated to be approximately US$750 million, US$350 million and US$410 million, respectively; and the amounts for the services to be provided by CMOC Group are estimated to be approximately US$70 million, US$70 million and US$80 million, respectively; (b) the historical transaction amounts regarding the equipment, materials, relevant services, etc. provided by CMOC Group to KFM Group; and (c) a 10% buffer for the fluctuation caused by the inflation and increasing administrative cost for human resources.

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

The following factors have been taken into account in determining the proposed annual caps for the three years ending 31 December 2027: (a) the maximum prepayment of approximately US$400 million to be made by CMOC Group to KFM Group; (b) the estimated annual interest rate of approximately 11% considering the relatively high financing costs in the DRC; and (c) the arrangement of reducing principal amount of prepayment through the sale of copper and cobalt products by KFM Group to CMOC Group for the three years ending 31 December 2027.

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

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

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

The Directors (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.

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

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/, https://www.gfex.com.cn/ and https://www.smm.cn/on a daily basis before the entering into of each CATL Subsequent Agreement; and (ii) check the final contract prices of the copper, cobalt, nickel and lithium products offered to three third parties by CMOC Limited Group from time to time; and

- As for (i) the products to be provided by CATL Group to CMOC Limited Group under the CATL Product Sales and Procurement Framework Agreement and (ii) the products to be provided by KFM Group to CMOC Group under the KFM Sales and Procurement Framework Agreement, the department will (i) check the quotations of copper, cobalt, and nickel products which are of the similar quality as those provided by KFM Group to CMOC Group on the websites of https://www.lme.com/, https://www.fastmarkets.com/, https://www.mysteel.net/and https://www.smm.cn/on a daily basis before the entering into of each CATL Subsequent Agreement and KFM Subsequent Agreement; (ii) check the final contract prices of copper, cobalt and nickel products offered by three 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 three 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 and therefore is a connected person of the Company under Chapter 14A of the Listing Rules. KFM Holding is ultimately owned as to 75% and 25% by the Company and CATL, respectively, and KFM Mining is a subsidiary of KFM Holding. KFM Holding and KFM Mining are therefore connected persons of the Company under Chapter 14A of the Listing Rules by virtue of being connected subsidiaries of the Company. Thus, the transactions contemplated under (i) the CATL Product Sales and Procurement Framework Agreement between CMOC Limited Group and CATL Group; and (ii) the KFM Sales and Procurement Framework Agreement between CMOC Group and KFM Group shall constitute continuing connected transactions of the Company under the Listing Rules.

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

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

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 and serves as the Group's trade centre to coordinate and allocate raw materials produced by the Group.

KFM Holding

KFM Holding is a company incorporated in Hong Kong with limited liability. As at the 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.

3. PROPOSED CANCELLATION OF THE REPURCHASED A SHARES UNDER THE A SHARE REPURCHASE PLAN (PHASE II)

We refer to the announcement of the Company dated 28 October 2024 in relation to, among other things, the Proposed Cancellation of the repurchased A Shares under the A Share Repurchase Plan (Phase II). On 28 October 2024, the Board has resolved, among other things, to cancel all the 99,999,964 repurchased A Shares under the A Share Repurchase Plan (Phase II) held in the Company's dedicated repurchase securities account in accordance with the law. Upon completion of the Proposed Cancellation and assuming there is no other change to the issued Shares, the total number of issued Shares will be reduced from 21,599,240,583 Shares to 21,499,240,619 Shares.

A special resolution regarding the consideration and approval of the Proposed Cancellation will be proposed at the EGM, the Class Meeting of A Shareholders and the Class Meeting of H Shareholders. Upon obtaining the approval from the Shareholders, the Company will file the application to the Shanghai Branch of China Securities Depository and Clearing Corporation Limited for completing the procedures for cancellation of the repurchased Shares in accordance with the relevant regulations, and handle the matters relating to the industrial and commercial registration changes.

4. PROPOSED CHANGES OF REGISTERED CAPITAL AND COMPANY TYPE AND AMENDMENTS TO THE ARTICLES OF ASSOCIATION

We refer to the announcement of the Company dated 28 October 2024 in relation to, among other things, the proposed changes of registered capital and the Proposed Amendments to the Articles of Association to reflect the change in the registered capital of the Company upon completion of the Proposed Cancellation and make some other housekeeping changes.

In addition, in order to ensure that the company type registered by the Company is consistent with the actual situation, the Company proposes to apply to the market supervision and administration department for a change of company type from the original company type of "joint stock company with limited liability (Taiwan, Hong Kong, Macao and domestic joint venture, listed)" to "joint stock company with limited liability (foreign-invested and non-wholly-owned)". The final company type is subject to the registration results approved by the market supervision and administration department.

A special resolution regarding the consideration and approval of the Proposed Changes and the Proposed Amendments will be proposed at the EGM, the Class Meeting of A Shareholders and the Class Meeting of H Shareholders. Please refer to Appendix II to this circular for details of the Proposed Amendments. Upon obtaining the approval from the Shareholders, the Company will authorize the management of the Company to deal with the procedures for the relevant filing to the relevant administrative authorities for industry and commerce for Proposed Amendments and Proposed Changes.

5. EGM, CLASS MEETING OF A SHAREHOLDERS AND CLASS MEETING OF H SHAREHOLDERS

An EGM will be held for approving each of the followings, among others: (i) the CATL Product Sales and Procurement Framework Agreement and the proposed transactions contemplated thereunder (including the proposed annual caps thereto); (ii) the KFM Sales and Procurement Framework Agreement and the proposed transactions contemplated thereunder (including the proposed annual caps thereto); (iii) the Proposed Cancellation; and (iv) the Proposed Changes and the Proposed Amendments. A Class Meeting of A Shareholders and a Class Meeting of H Shareholders will also be held for approving each of the followings, among others: (i) the Proposed Cancellation; and (ii) the Proposed Changes and the Proposed Amendments.

Notices convening the EGM and the Class Meeting of H Shareholders to be held at International Hotel Luoyang, Luolong District, Luoyang City, Henan Province, the PRC on Tuesday, 10 December 2024 are set out on pages EGM-1 to EGM-2 and pages HCM-1 to HCM-2 of this circular. Forms of proxy for the EGM and the Class Meeting of H Shareholders are enclosed herewith.

6. PROXY ARRANGEMENT

Forms of proxy for use at the EGM and the Class Meeting of H Shareholders are enclosed with this circular and such forms are 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 and the Class Meeting of H Shareholders in person, you are requested to complete, sign and return the forms of proxy applicable to the EGM and the Class Meeting of H Shareholders in accordance with the instructions printed thereon. The forms of proxy applicable to the EGM and the Class Meeting of H Shareholders 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 Monday, 9 December 2024 (or if the EGM and the Class Meeting of H Shareholders are adjourned, such time shall be not less than 24 hours before the time designated for holding the relevant meetings). Completion and return of the forms of proxy applicable to the EGM and the Class Meeting of H Shareholders will not preclude you from attending and voting in person at the EGM and the Class Meeting of H Shareholders or any adjournments thereof should you so wish.

7. 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 and the Class Meeting of H Shareholders, the H Shares register of members of the Company will be closed from Thursday, 5 December 2024 to Tuesday, 10 December 2024 (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 Wednesday, 4 December 2024 shall be entitled to attend and vote at the EGM and the Class Meeting of H Shareholders. In order for the H Shareholders to qualify for attending and voting at the EGM and the Class Meeting of H Shareholders, 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 Wednesday, 4 December 2024.

8. VOTING AT THE EGM AND CLASS MEETING OF H SHAREHOLDERS

Pursuant to Rule 13.39 of the Listing Rules, any votes of the Shareholders at the EGM and the Class Meeting of H Shareholders 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 and the Class Meeting of H Shareholders in the manner prescribed under Rule 13.39(5) of the Listing Rules.

KFM Holding and KFM Mining, the connected subsidiaries of the Company, were ultimately owned as to 25% by CATL. As such, CATL and its associates, which held 5,329,780,425 Shares, accounting 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 and the Class Meeting of H Shareholders.

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.

9. 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 (including the resolutions to approve the Agreements and the transactions contemplated thereunder (including the proposed annual caps thereto), the resolution to approve the Proposed Cancellation and the resolution to approve the Proposed Changes and the Proposed Amendments) at the EGM, the Class Meeting of A Shareholders and the Class Meeting of H Shareholders 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, the Class Meeting of A Shareholders and the Class Meeting of H Shareholders.

10. ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in other sections and appendices to this circular.

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

* *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)

20 November 2024

To the Shareholders

Dear Sir or Madam,

CONTINUING CONNECTED TRANSACTIONS UNDER
(1) THE CATL PRODUCT SALES AND PROCUREMENT FRAMEWORK AGREEMENT
AND
(2) THE KFM SALES AND PROCUREMENT FRAMEWORK AGREEMENT

We refer to the circular of the Company dated 20 November 2024 (the "**Circular**") of which this letter forms part. Unless the context requires otherwise, capitalized 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 each of 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 each of 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 30 to 65 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 the 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 each 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 in relation to the Agreements and the proposed transactions contemplated thereunder (including the proposed annual caps thereto) to be proposed at the EGM.

Yours faithfully,
For an on behalf of Independent Board Committee
Mr. Wang Kaiguo **Ms. Gu Hongyu** **Mr. Cheng Gordon**
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

20 November 2024

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 "**Renewed 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 20 November 2024 (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 current CATL product sales and procurement framework agreement (the "**Existing CATL Product Sales and Procurement Framework Agreement**") with CATL, pursuant to which, (i) CMOC Limited Group agreed to sell and CATL Group agreed to purchase metal products, including but not limited to copper, cobalt, nickel and lithium products; and (ii) CMOC Limited Group agreed to purchase and CATL Group agreed to sell metal products, including but not limited to nickel products. As the Existing CATL Product Sales and Procurement Framework Agreement will expire on 31 December 2024, with a view to continue the transactions under the Existing CATL Product Sales and Procurement Framework Agreement, on 28 October 2024, the Board approved CMOC Limited to enter into the CATL Product Sales and Procurement Framework Agreement with CATL to renew the term for a further three years from 1 January 2025 to 31 December 2027.

On 27 October 2023, the Board approved the Company to enter into the current KFM sales and procurement framework agreement (the "**Existing KFM Sales and Procurement Framework Agreement**") with KFM Holding and KFM Mining, pursuant to which, (i) CMOC Group agreed to purchase and KFM Group agreed to sell copper and cobalt products; and (ii) CMOC Group agreed to sell and KFM Group agreed to purchase the equipment, materials, relevant services and etc. As the Existing KFM Sales and Procurement Framework Agreement will expire on 31 December 2024, with a view to continue the transactions under the Existing KFM Sales and Procurement Framework Agreement, on 28 October 2024, the Board approved the Company to enter into the KFM Sales and Procurement Framework Agreement with KFM Holding and KFM Mining to renew the term for a further three years from 1 January 2025 to 31 December 2027.

As at the Latest Practicable Date, CATL is a substantial shareholder of the Company and therefore is a connected person of the Company under Chapter 14A of the Listing Rules. KFM Holding is ultimately owned as to 75% and 25% by the Company and CATL, respectively, and KFM Mining is a subsidiary of KFM Holding. KFM Holding and KFM Mining are therefore connected persons of the Company under Chapter 14A of the Listing Rules by virtue of being connected subsidiaries of the Company. Thus, the Transactions 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 the resolutions at the EGM.

The Independent Board Committee, comprising all the three independent non-executive Directors, namely Mr. Wang Kaiguo, Ms. Gu Hongyu and Mr. Cheng Gordon, has been formed to advise the Independent Shareholders on (i) whether the entering into of the Renewed Agreements are conducted in the ordinary and usual course of the Group; and (ii) whether the terms of the Renewed Agreements (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. We have acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company in relation to continuing connected transactions under the Existing CATL Product Sales and Procurement Framework Agreement and the Existing KFM Sales and Procurement Framework Agreement, details of which are set out in the circular of the Company dated 17 November 2023 and currently act as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Renewed Agreements in this letter. Other than that, there was no engagement or connection between the Group, CATL Group, or KFM Group and us in the last two years. 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 Renewed Agreements. The relevant fees paid or payable to us for acting as the Independent Financial Adviser in relation to this appointment are normal professional fees and shall not affect our independence in this appointment. 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 Renewed Agreements (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 Renewed Agreements (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 and smelting of base and rare metals, and mineral trading business. With its main business located over Asia, Africa, South America and Europe, the Company is a leading producer of copper, cobalt, molybdenum, tungsten and niobium in the world. In terms of trading business, the Company is one of the leading metal traders in the world. The Company ranks 24 in PwC Top 40 Mining Companies in 2024.

As disclosed in the annual report of the Company for the year ended 31 December 2023 (the "**2023 Annual Report**"), revenue from mineral exploration and processing business has increased by approximately 75.4% from approximately RMB25.4 billion for the year ended 31 December 2022 ("**FY2022**") to approximately RMB44.5 billion for the year ended 31 December 2023 ("**FY2023**"), with principal products including copper, cobalt, molybdenum, tungsten, niobium and phosphate and other related products. Such significant increase in revenue was primarily attributable by the Group's historic high production volume of copper, cobalt, niobium and phosphate products. In respect of its resources and reserves of copper and cobalt products, the Company operates two world-class mines, including (i) the Tenke Fungurume copper and cobalt mine ("**TFM**") located in Congo (DRC); and (ii) Kisanfu copper and cobalt mine ("**KFM**") located in Congo (DRC). For FY2023, these two mines achieved an operating revenue of approximately RMB28.0 billion, representing an increase of approximately 187.2% as compared to the previous year. With all three production lines of the mixed ore project commissioned successfully, the current copper and cobalt production capacity of TFM is at 450,000 tonnes and 37,000 tonnes respectively, and the current copper and cobalt production capacity of KFM exceeds 90,000 tonnes and 30,000 tonnes respectively. It is expected that both TFM and KFM will achieve full-load production in 2024. 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 its resources and reserves of nickel products, the Company holds 30% equity interest of Huayue Nickel and 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. In respect of its resources and reserves of lithium products, the consortium between the Company and CATL acquired the mining rights of two lithium brines in Bolivia, initially making its presence in lithium metal.

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. Trading in more than 80 countries around the world with main product lines of copper, zinc, lead, precious metal ore concentrate, refined copper, zinc, nickel, IXM has built a global logistics and warehousing network. 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 2023 Annual Report, revenue from mineral trading amounted to approximately RMB147.3 billion and RMB168.1 billion for FY2022 and FY2023, respectively.

2. Information on the other parties to the Renewed 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 Renewed Agreements

As one of the world's leading producer and trader of base metal, the Company adopts a "mining + trading" development model, covering "exploration-mining-beneficiation-smelting -trading" 5 steps. The Company has achieved an overall presence in copper-cobalt-nickel-lithium new energy metals, and also strategic metals including molybdenum, tungsten, niobium, and phosphate fertilizer.

Among the mines owned by the Group, KFM is one of the world's largest copper and cobalt mines 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. 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. 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 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 has agreed to purchase metal products from CATL Group which are produced by CATL Group directly. 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 Existing CATL Product Sales and Procurement Framework Agreement with CATL.

As the Existing CATL Product Sales and Procurement Framework Agreement will expire on 31 December 2024, with a view to facilitate the continued transactions between CMOC Limited Group and CATL Group under the Existing CATL Product Sales and Procurement Framework Agreement, on 28 October 2024, the Board approved CMOC Limited to enter into the CATL Product Sales and Procurement Framework Agreement with CATL to renew the term for a further three years from 1 January 2025 to 31 December 2027. 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 which is conductive for the Group's formulation of its new energy industrial layout, further enhance the business opportunities of the Group and broaden the revenue base of the Group. As advised by the management of the Group, although the Company will sell metal products to CATL Group under the CATL Product Sales and Procurement Framework Agreement, the metal products to be sold and purchased by the Group to/from CATL Group will be of different production process, standard, quality and uses. The nickel products to be purchased by the Group from CATL Group are mainly nickel intermediate products (ferronickel), which are different from the refined nickel products, the main nickel products to be sold by the Group to CATL Group, in the following aspects: (i) in terms of production processes, ferronickel is obtained by smelting nickel ore while refined nickel is separated from nickel ore generally through electrolytic refining; (ii) in terms of standards and qualities, ferronickel is stable both physically and chemically and refined nickel has a relatively high purity due to the difference of chemical compositions in such two products; and (iii) in terms of applications, ferronickel is mainly used in the production of stainless steel, alloy steel, alloy castings and other high-strength materials, while refined nickel is widely used in the high-tech industry. In respect of copper products, although there are no major differences in the standard and quality between the copper products to be purchased by the Group from CATL Group and the copper products to be sold by the Group to CATL Group, we understood from the management of the Group that CATL Group has decided to purchase metal products from the Group in order to secure stable supply of metal products for its own production. On the other hand, certain subsidiaries of CATL Group may produce and have extra unneeded copper products from time to time and such products may not fulfil or be insufficient for its own production. In this regard, the Group, through IXM, will behave as a trader to help re-sell such copper products to third parties.

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 has agreed to provide such manufacturing equipment, materials and relevant services 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 Existing KFM Sales and Procurement Framework Agreement with KFM Holding and KFM Mining.

As the Existing KFM Sales and Procurement Framework Agreement will expire on 31 December 2024, with a view to facilitate the continued transactions between the Group and KFM Group under the Existing KFM Sales and Procurement Framework Agreement, on 28 October 2024, the Board approved the Company to enter into the KFM Sales and Procurement Framework Agreement with KFM Holding and KFM Mining to renew the term for a further three years from 1 January 2025 to 31 December 2027. 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 2023 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 Renewed 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. As disclosed in the annual report of CATL Group for FY2023, in order to guarantee the supply of key upstream resources and materials for battery production, CATL Group has participated in the investment, construction and operation of lithium, nickel, cobalt, phosphorus and other battery mineral resources and related products. As confirmed by CATL Group, it may have unneeded metal products from time to time and plan to sell them to third parties. For FY2023, CATL Group has generated revenue of approximately RMB7.7 billion from battery mineral resources. 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 2023 Annual Report, revenue from mineral trading amounted to approximately RMB147.3 billion and RMB168.1 billion for FY2022 and FY2023, 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 concur with the Directors that the entering into of the Renewed 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 Renewed Agreements

For details of the terms of the Renewed 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 Renewed Agreements:

(i) The CATL Product Sales and Procurement Framework Agreement

Parties	:	(a) CMOC Limited; and (b) CATL
Term	:	From 1 January 2025 to 31 December 2027, conditioned upon the parties obtaining their own necessary authorisation or approval, respectively, in accordance with the relevant provisions in their own articles of association or constitutional or similar documents and applicable listing rules
Subject matter	:	(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 and copper 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 will be referred to (a) the copper price quoted by LME (https://www.lme.com/); or (b) the cobalt price quoted by Fastmarkets (https://www.fastmarkets.com/), a cross-commodity price reporting agency in metal, mining and other markets, multiplied by the relevant price coefficient; or (c) the nickel products price quoted by LME, Mysteel (https://www.mysteel.net/), Shanghai Metals Market (https://www.smm.cn/) and/or Shanghai Futures Exchange) adjusted by relevant price coefficient; or (d) the lithium price quoted by Guangzhou Futures Exchange (https://www.gfex.com.cn/) and/or Shanghai Metals Market (https://www.smm.cn/). The price will be determined with reference to the sales price charged by other well-known mining companies in the place of sale or receiving market, as well as 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 37 samples of metal products sale contracts and invoices between the Group and (a) CATL Group; or (b) independent third parties entered into in 2023 and 2024. Given that (a) the above sample contracts and invoices we have reviewed covered all of the metal products under the Existing CATL Product Sales and Procurement Framework Agreement; (b) the sample contracts and invoices were entered into under the period of the Existing CATL Product Sales and Procurement Framework Agreement; and (c) a total of 37 samples were selected, obtained and reviewed, we are of the view that the aforesaid samples are adequate and representative. Based on our review, we noted that (a) the prices for the sale of metal products by the Group were conducted in accordance with the relevant 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, Guangzhou Futures Exchange and Fastmarkets; and (b) the terms of the sales contracts with CATL Group were no more favourable than those with independent third parties.

In addition, we have randomly obtained and reviewed 13 samples of nickel products procurement contracts and invoices between the Group and independent third parties entered into in 2023 and 2024. Since no purchase was made by the Group from CATL Group under the Existing CATL Product Sales and Procurement Framework Agreement in 2023 and 2024, the sample size of the metal products procurement contracts between the Group and CATL Group is nil. Given that (a) the above sample contracts and invoices we have reviewed covered the metal product under the Existing CATL Product Sales and Procurement Framework Agreement; (b) the sample contracts and invoices were entered into under the period of the Existing CATL Product Sales and Procurement Framework Agreement; and (c) a total of 13 samples were selected, obtained and reviewed, we are of the view that the aforesaid samples are adequate and representative. Based on our review, we noted that (a) the prices for the procurement of nickel products by the Group were conducted in accordance with the relevant market-based pricing principle with reference to Shanghai Futures Exchange; and (b) the pricing policies with CATL Group were no less favourable than the terms of procurement contracts with independent third parties.

Based on our review of the sample contracts and invoices as mentioned above, we noted that the sample contracts have included pricing coefficient to reflect the percentage of metal content and the impurity element content in the metal products and such pricing coefficients were adopted in determining the final price. Accordingly, we consider the adjustment of pricing coefficient to the metal products' prices is fair and reasonable and in line with normal market practice.

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 U.S. Federal Reserve has started to cut its policy rates and was likely to continue such rate cut in 2025, 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 headed "6. Internal control measures of the Group" below for our analyses of further safeguards imposed by the Group.

(ii) The KFM Sales and Procurement Framework Agreement

Parties	:	(a) the Company; (b) KFM Holding; and (c) KFM Mining
Term	:	From 1 January 2025 to 31 December 2027, conditioned upon the parties obtaining their own necessary authorisation or approval, respectively, in accordance with the relevant provisions in their own articles of association or constitutional or similar documents and applicable listing rules
Subject matter	:	(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 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	:	*(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 will be referred 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 US$ 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 US$ 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 centralised procurement, to KFM Group include the following: (1) pumps, valves, transformers, construction vehicles, and other equipment and relevant services; and (2) 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 will be referred 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 will be referred to the price quoted (1) by ARGUS Sulphur for sulfur; (2) on chinaccm.com and mysteel.com for steel balls; or (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 part of our due diligence on the KFM Sales and Procurement Framework Agreement, we have randomly obtained and reviewed 23 samples of copper and cobalt products procurement contracts and invoices between the Group and (a) KFM Group; or (b) independent third parties entered into in 2023 and 2024. Given that (a) the above sample contracts and invoices we have reviewed covered all of the metal products under the Existing KFM Sales and Procurement Framework Agreement; (b) the sample contracts and invoices were entered into under the period of the Existing KFM Sales and Procurement Framework Agreement; and (c) a total of 23 samples were selected, obtained and reviewed, we are of the view that the aforesaid samples are adequate and representative. Based on our review, we noted that (a) the prices for the procurement of metal products by the Group were conducted in accordance with the relevant market-based pricing principle subject to certain adjustments on the quality and standard of metal products. The market prices were generally 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 procurement contracts with KFM Group were no less favourable than those with independent third parties.

Based on our review of the sample contracts and invoices as mentioned above, we noted that the sample contracts have included pricing coefficient to reflect the percentage of metal content and the impurity element content in the metal products and such pricing coefficients were adopted in determining the final price. Accordingly, we consider the adjustment of pricing coefficient to the metal products' prices is fair and reasonable and in line with normal market practice.

In respect of the prepayment arrangement, the interest rate will be determined with reference to US$ 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 US$ 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 9.51% in 2024. Such high country risk premium indicates that Congo (DRC) has a relatively high country risk and thus a higher interest rate should be charged by the Group to protect the interests of the Group and its Shareholders. 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. Please refer to the section headed "6. Internal control measures of the Group" below for our analyses of further safeguards imposed by the Group.

5. Assessment of the proposed annual caps

(i) The CATL Product Sales and Procurement Framework Agreement

Set out below are the historical annual caps and actual transaction amounts under the Existing CATL Product Sales and Procurement Framework Agreement for the periods indicated:

	For the year ended 31 December 2023 *(US$' million)*	**For the eight months ended 31 August 2024** *(US$' million)*
Products sold by CMOC Limited Group to CATL Group		
– Annual caps	1,500	1,800 (for the year ending 31 December 2024)
– Actual transaction amount	255.4	546.2
– Utilisation rate	17.0%	30.3%
Products purchased by CMOC Limited Group from CATL Group		
– Annual caps	600	600 (for the year ending 31 December 2024)
– Actual transaction amount	–	–
– Utilisation rate	–	–
Interests paid by CMOC Limited Group to CATL Group in relation to the prepayment		
– Annual caps	120	110 (for the year ending 31 December 2024)
– Actual transaction amount	72.4	63.5
– Utilisation rate	60.3%	57.7%

As shown in the table above, the actual transaction amounts regarding CMOC Limited Group's sale of products to CATL Group under the Existing CATL Product Sales and Procurement Framework Agreement were approximately US$255.4 million and US$546.2 million for FY2023 and the eight months ended 31 August 2024 ("**8M2024**"), respectively, representing approximately 17.0% and 30.3% of the total annual cap in 2023 and 2024, respectively. Such low utilisation rates in 2023 and 2024 were primarily attributable to (a) the lower market price of cobalt products than estimated. As disclosed in the 2023 Annual Report, the international unit market price of cobalt metal has decreased by approximately 50.1% in

2023 as a result of the underperformance of the new energy vehicle industry chain and the weakening demand for power batteries and digital batteries in 2023; and (b) a relatively low quantity of metal products sold by CMOC Limited Group to CATL Group than estimated as a result of the business decision of both parties after considering the market condition and degree of alignment of metal products sold by CMOC Limited Group with production demands from CATL Group.

The actual transaction amounts regarding CMOC Limited Group's purchase of products from CATL Group under the Existing CATL Product Sales and Procurement Framework Agreement were approximately nil and nil for FY2023 and 8M2024, respectively, representing approximately nil and nil of the total annual cap in 2023 and 2024, respectively. Such low utilisation rates in 2023 and 2024 were primarily attributable to the business decision of IXM made during its ordinary course of trading business. When deciding whether to purchase a specific product (including nickel products), IXM would normally consider various factors, including the market price, the Group's then resource allocation and the demand for such products from its potential downstream customers. Furthermore, downstream customers would have specific requirements on the price, quantity and types of nickel products, and may also have different preferences for other terms of the transaction, including time, method and place of delivery. As the nickel products supplied by CATL Group did not coincide with the demand of IXM's potential downstream customers, IXM did not purchase nickel products from CATL Group, and there was no transaction in relation to purchase of nickel products by CMOC Limited Group from CATL Group conducted during the abovementioned period.

The actual transaction amounts of interests paid by CMOC Limited Group to CATL Group in relation to the prepayment under the Existing CATL Product Sales and Procurement Framework Agreement were approximately US$72.4 million and US$63.5 million for FY2023 and 8M2024, respectively, representing approximately 60.3% and 57.7% of the total annual cap in 2023 and 2024, respectively, which were fairly utilised.

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		
	2025	**2026**	**2027**
	(US$' million)	*(US$' million)*	*(US$' million)*
Products to be sold by CMOC Limited Group to CATL Group	2,150	2,200	2,900
Products to be purchased by CMOC Limited Group from CATL Group	850	900	1,100
Interests to be paid by CMOC Limited Group to CATL Group in relation to the prepayment	93	80	70

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		
	2025	**2026**	**2027**
Products to be sold by CMOC Limited Group to CATL Group			
– Copper products			
Unit market price (US$ per tonne)	8,483	8,483	8,483
– Cobalt products			
Unit market price (US$ per tonne)	19,987	19,987	19,987
– Nickel products			
Unit market price (US$ per tonne)	15,054	15,054	15,054
– Lithium product			
Unit market price (US$ per tonne)	22,498	22,498	22,498
Products to be purchased by CMOC Limited Group from CATL Group			
– Nickel products (US$ million)	**376.4**	**391.4**	**406.5**
Unit market price (US$ per tonne)	15,054	15,054	15,054
Quantity (tonnes)	25,000	26,000	27,000
– Copper products (US$ million)	**364.8**	**364.8**	**534.4**
Unit market price (US$ per tonne)	8,483	8,483	8,483
Quantity (tonnes)	43,000	43,000	63,000

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 three years ending 31 December 2027, 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 for such products; 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 three years ending 31 December 2027 multiplied by the respective unit market price of copper, cobalt, nickel and lithium products as well as a buffer of 10% to cater for the fluctuation in the prices for these metal products in the future.

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 is currently operating two world-class mines, being TFM and KFM for the resources and reserves of copper and cobalt products and the Group has decided to sell the copper and cobalt products produced from KFM to CATL Group. As such, the production capacity of KFM's copper and cobalt products represents the maximum quantity of copper and cobalt products available to be sold by CMOC Limited Group to CATL Group under the CATL Product Sales and Procurement Framework Agreement and thus is relevant to justify the fairness and reasonableness of the estimated quantities of copper and cobalt products for the three years ending 31 December 2027. As disclosed in the interim report of the Company for the six months ended 30 June 2024 (the "**2024 Interim Report**"), KFM (phase I) has an annual production capacity of 150,000 tonnes of copper products and 50,000 tonnes of cobalt products. KFM has maintained a fast-paced production mode with output exceeded their targets in the first half of 2024, achieving record-breaking monthly output. Through process adjustment and technological innovation, the recovery rate of copper and cobalt products has been greatly improved. As advised by the management of the Group, after considering the increase in production efficiency, the improved recovery rate and economies of scale, it is expected that KFM (phase I) will reach average annual production capacity of approximately 172,000 tonnes of copper products and 83,000 tonnes of cobalt products in the coming three years. In addition, the exploration work for the KFM (phase II) has made positive progress and the Group expected KFM (phase II) to be put into production in 2027 which will produce additional quantities of copper and cobalt products. In this regard, we have obtained and reviewed the projection of the production plan of KFM (phases I and II) which is consistent with the expected production capacity as advised by the management of the Group. The quantity of copper and cobalt products to be supplied by CMOC Limited Group to CATL Group for the three years ending 31 December 2027 is then estimated based on the expected production capacity of KFM and the expected demand of CATL Group. With the additional production capacity of KFM (phase II), we consider the increments in the estimated quantities for copper and cobalt products in 2027 to be fair and reasonable.

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 three years ending 31 December 2027 is then estimated based on the average production capacity of Huayue and the expected demand of CATL Group. In respect of lithium products, 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 CMOC Limited Group will be able to provide lithium products to CATL Group from time to time based on CATL Group's demand. In addition, the Group could utilise its trading platform IXM to purchase nickel and lithium products from independent suppliers from time to time.

In order to assess the fairness and reasonableness of the expected demand of CATL Group, we have reviewed its annual report for FY2023 and noted that CATL Group has recorded an increase in revenue of approximately 22.0% for FY2023 with the sales of power battery system increased by approximately 32.6% and energy storage battery system increased by approximately 46.8%. CATL Group has ranked the first in terms of global market share in both power batteries and energy storage batteries and is expected to continuously explore overseas markets. Accordingly, we consider the demand of CATL Group on these new energy metals, copper, cobalt, nickel and lithium products, remains strong. 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, nickel and lithium products for the three years ending 31 December 2027, 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 2023 of approximately US$8,483 per tonne as disclosed in the 2023 Annual Report which was the spot average price on London Metal Exchange; (b) the international market price of cobalt metal in 2023 of approximately US$15.11 per lb (equivalent to approximately US$33,312 per tonne) as disclosed in the 2023 Annual Report, which was the average low price of Metal Bulletin standard grade cobalt, 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; (c) the international market price of nickel metal in 2023 of approximately US$21,505 per tonne as disclosed in the 2023 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; and (d) the average price of active lithium carbonate contracts in 2023 of approximately US$22,498 per tonne published by Guangzhou Futures Exchange. We have crossed checked the aforesaid pricing indexes on the relevant futures and forwards exchanges and cross-commodity price reporting agency, and noted that the unit market prices of these metal products in 2023 were consistent with the estimated unit market prices adopted in determining the proposed annual caps in the coming three years. On this basis, we consider the estimation of the unit market prices of copper, cobalt, nickel and lithium products for the three years ending 31 December 2027 to be fair and reasonable.

As advised by the management of the Group, the pricing coefficient of 60% adopted for cobalt products is determined with reference to the historical low coefficient of Metal Bulletin cobalt intermediate (金屬導報中間品系數低幅) published by Fastmarkets while the pricing coefficient of 70% adopted for nickel products is determined with reference to the historical prices of relevant nickel products published by Shanghai Metals Market (https://www.smm.cn/) and LME as well as historical transactions conducted by the Group. We have reviewed the relevant coefficient index and nickel prices on the relevant futures and forwards exchanges and cross-commodity price reporting agency and noted that the average low coefficient of Metal Bulletin cobalt intermediate amounted to approximately 57% in 2024 and the average pricing coefficient between the historical prices of relevant nickel products published by Shanghai Metals Market and LME amounted to approximately 71% in 2024. As such, we consider the pricing coefficients adopted by the Company are fair and reasonable.

With reference to the annual reports of the Group for FY2022 and FY2023, we noted that the international market prices of metal products have fluctuated a lot from 2021 to 2023. For instance, the international market price of cobalt metal has increased by approximately 26.3% from 2021 to 2022 but decreased by approximately 50.1% from 2022 to 2023. Furthermore, the international market price of nickel metal has increased by approximately 38.5% from 2021 to 2022 but decreased by approximately 16.0% from 2022 to 2023. As such, we consider it is fair and reasonable to adopt a buffer of 10% to cater for the possible and unpredictable fluctuations in metal prices.

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, nickel and lithium products; and (d) a buffer of 10% to cater for the fluctuation in the price for copper, cobalt, nickel and lithium products in the future, we consider the proposed annual caps of the products to be sold by CMOC Limited Group to CATL Group for the three years ending 31 December 2027 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 three years ending 31 December 2027, they have taken into account, among others, (a) the expected demand of CMOC Limited Group in terms of the nickel and copper products provided by CATL Group during its trading process; and (b) the fluctuation of the price and demand for nickel and copper products. The proposed annual caps are then arrived at by the estimated quantity of nickel and copper products to be purchased by CMOC Limited Group for the three years ending 31 December 2025 multiplied by the unit market price of nickel and copper products as well as a buffer of 10% to cater for the fluctuation in the prices for these metal products in the future.

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 and copper products through IXM during its ordinary and usual course of business. As one of the largest base metal traders in the world, IXM purchases metal products from mines or manufacturers and then sells them to downstream producers or consumers. In the event that the downstream producers or consumers place orders to IXM on metal products with specific specifications that are inconsistent with those in IXM's own inventories or produced by the Group's KFM and TFM but are consistent with those produced by CATL Group, IXM may purchase such products from CATL Group under the CATL Product Sales and Procurement Framework Agreement. 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 steady and sustainable market demand on nickel products. For the copper products, we understood that the Company takes into consideration the estimated production volume of copper products of CATL Group in the future as well as the strategic procurement allocation of the Group in terms of the copper products. Accordingly, the quantity of nickel and copper products to be purchased by CMOC Limited Group from CATL Group for the three years ending 31 December 2027 is estimated based on the average production capacity of CATL Group and the expected demand of CMOC Limited Group. As disclosed in the 2023 Annual Report, the Group's revenue from mineral trading amounted to approximately RMB168.1 billion for FY2023. Given that the proposed annual caps of the products to be purchased by CMOC Limited Group from CATL Group of US$850 million (equivalent to approximately RMB5,950 million), US$900 million (equivalent to approximately RMB6,300 million) and US$1,100 million (equivalent to approximately RMB7,700 million) for the three years ending 31 December 2027 only represent approximately 3.5%, 3.7% and 4.6% of the Group's total revenue from mineral trading of approximately RMB168.1 billion for FY2023, which are considered to be insignificant, we consider such expected demand of CMOC Limited Group and the proposed annual caps of the products to be purchased by CMOC Limited Group from CATL Group for the three years ending 31 December 2027 to be fair and reasonable. 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 and copper products for the three years ending 31 December 2027, we are advised by the management of the Group that it is projected with reference to (a) the international market price of nickel metal in 2023 of approximately US$21,505 per tonne as disclosed in the 2023 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; and (b) the international market price of copper cathode in 2023 of approximately US$8,483 per tonne as disclosed in the 2023 Annual Report which was the spot average price on London Metal Exchange. We concurred with the management of the Group on such basis of the projection.

As advised by the management of the Group, the pricing coefficient of 70% adopted for nickel products is determined with reference to the historical prices of relevant nickel products published by Shanghai Metals Market (https://www.smm.cn/) and LME as well as historical transactions conducted by the Group. We have reviewed the relevant nickel prices on the relevant futures and forwards exchanges and noted that the average pricing coefficient between the historical prices of relevant nickel products published by Shanghai Metals Market and LME amounted to approximately 71% in 2024. As such, we consider the pricing coefficient adopted by the Company is fair and reasonable.

With reference to the annual reports of the Group for FY2022 and FY2023, we noted that the international market prices of metal products have fluctuated a lot from 2021 to 2023. For instance, the international market price of nickel metal has increased by approximately 38.5% from 2021 to 2022 but decreased by approximately 16.0% from 2022 to 2023. As such, we consider it is fair and reasonable to adopt a buffer of 10% to cater for the possible and unpredictable fluctuations in metal prices.

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 and copper products as well as their estimated unit market prices; (b) the expected production capacity of CATL Group in nickel and copper products; (c) the basis of the estimated unit market price of nickel and copper products; and (d) a buffer of 10% to cater for the fluctuation in the price for nickel and copper products in the future, we consider the proposed annual caps of the products to be purchased by CMOC Limited Group from CATL Group for the three years ending 31 December 2027 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 three years ending 31 December 2027, they have taken into account, among others, (a) the estimated outstanding balance as of 1 January 2025 of approximately US$1.68 billion for the prepayment made by CATL Group to CMOC Limited Group in 2023; (b) an estimated interest rate of approximately 5.0% per annum; (c) the arrangement of reducing principal amount of prepayment through the sale of copper, cobalt, nickel and lithium products by CMOC Limited Group to CATL Group for the three years ending 31 December 2027; and (d) a 10% buffer for fluctuation in the outstanding balance for the prepayment made by CATL Group to CMOC Limited Group in the three years ending 31 December 2027 resulted from the *ad hoc* purchases to be made by CATL Group.

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 three years ending 31 December 2027. The outstanding balance is estimated to be approximately US$1.68 billion as of 1 January 2025. Based on our independent research on Bloomberg, the U.S. bond yield for 1 year and 3 years amounted to approximately 4.41% and 3.78%, respectively as at 30 August 2024. In addition, as disclosed in the 2023 Annual Report, as at 31 December 2023, the annual interest rate for the Group's long-term borrowings ranged from 2.5000% to 8.1723%. The estimated annual interest rate of approximately 5.0% is within the Group's annual interest rate range of long-term borrowings. As such, the projection of approximately 5.0% annual interest rate is considered to be fair and reasonable.

As advised by the management of the Group, CATL Group may make additional prepayments to CMOC Limited Group for its *ad hoc* purchases from time to time in the coming three years, which would increase the outstanding balance of the prepayment in calculating the interests to be paid by CMOC Limited Group to CATL Group. Given that receiving additional prepayments from CATL Group could enhance the cash balance and improve cash flows of the Group as compared to settling the transaction amounts after the products delivery, we consider it is fair and reasonable to adopt a buffer of 10% to cater for the outstanding balance of prepayment.

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; (b) the basis of the estimated interest rate per annum; and (c) a buffer of 10% to cater for the fluctuation in the outstanding balance for the prepayment made by CATL Group to CMOC Limited Group in the three years ending 31 December 2027 resulted from the *ad hoc* purchases to be made by CATL Group, 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 three years ending 31 December 2027 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; and (c) the estimated interest rate of 5.0% per annum is within the Group's annual interest rate range of long-term borrowings, 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) The KFM Sales and Procurement Framework Agreement

Set out below are the historical annual caps and actual transaction amounts under the Existing KFM Sales and Procurement Framework Agreement for the periods indicated:

	For the year ended 31 December 2023 *(US$' million)*	**For the eight months ended 31 August 2024** *(US$' million)*
Products purchased by CMOC Group from KFM Group		
– Annual caps	1,600	2,400 (for the year ending 31 December 2024)
– Actual transaction amount	1,158.3	1,686.5
– Utilisation rate	72.4%	70.3%
Equipment, materials, relevant services, etc. provided by CMOC Group to KFM Group		
– Annual caps	400	400 (for the year ending 31 December 2024)
– Actual transaction amount	193.0	257.6
– Utilisation rate	48.2%	64.4%
Interests paid by KFM Group to CMOC Group in relation to the prepayment		
– Annual caps	25	45 (for the year ending 31 December 2024)
– Actual transaction amount	4.0	–
– Utilisation rate	15.9%	–

As shown in the table above, the actual transaction amounts regarding CMOC Group's purchase of products from KFM Group under the Existing KFM Sales and Procurement Framework Agreement were approximately US$1,158.3 million and US$1,686.5 million for FY2023 and 8M2024, respectively, representing approximately 72.4% and 70.3% of the total annual cap in 2023 and 2024, respectively.

The actual transaction amounts regarding CMOC Group's sale of equipment, materials, relevant services, etc. to KFM Group under the Existing KFM Sales and Procurement Framework Agreement were approximately US$193.0 million and US$257.6 million for FY2023 and 8M2024, respectively, representing approximately 48.2% and 64.4% of the total annual cap in 2023 and 2024, respectively.

The actual transaction amounts of interests paid by KFM Group to CMOC Group in relation to the prepayment under the Existing KFM Sales and Procurement Framework Agreement were approximately US$4.0 million and nil for FY2023 and 8M2024, respectively, representing approximately 15.9% and nil of the total annual cap in 2023 and 2024, respectively.

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		
	2025	**2026**	**2027**
	(US$' million)	*(US$' million)*	*(US$' million)*
Products to be purchased by CMOC Group from KFM Group	3,500	3,800	5,000
Equipment, materials, relevant services, etc. to be provided by CMOC Group to KFM Group	1,400	1,000	1,000
Interests to be paid by KFM Group to CMOC Group in relation to the prepayment	45	45	45

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		
	2025	**2026**	**2027**
Products to be purchased by CMOC Group from KFM Group			
– Copper products			
Unit market price (US$ per tonne)	8,483	8,483	8,483
– Cobalt products			
Unit market price (US$ per tonne)	19,987	19,987	19,987

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 three years ending 31 December 2027, 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 three years ending 31 December 2027 multiplied by the respective unit market price of copper and cobalt products as well as a buffer of 10% to cater for the fluctuation in the prices for these metal products in the future.

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 disclosed in the 2024 Interim Report, KFM (phase I) has an annual production capacity of 150,000 tonnes of copper products and 50,000 tonnes of cobalt products. KFM has maintained a fast-paced production mode with output exceeded their targets in the first half of 2024, achieving record-breaking monthly output. Through process adjustment and technological innovation, the recovery rate of copper and cobalt products has been greatly improved. As advised by the management of the Group, after considering the increase in production efficiency, the improved recovery rate and economies of scale, it is expected that KFM (phase I) will reach average annual production capacity of approximately 172,000 tonnes of copper products and 83,000 tonnes of cobalt products in the coming three years. In addition, the exploration work for the KFM (phase II) has made positive progress and the Group expected KFM (phase II) to be put into production in 2027 which will produce additional quantities of copper and cobalt products. As disclosed in the 2024 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. In this regard, we have obtained and reviewed the projection of the production plan of KFM (phases I and II) which is consistent with the expected production capacity as advised by the management of the Group. The quantity of copper and cobalt products to be purchased by CMOC Group from KFM Group for the three years ending 31 December 2027 is then estimated based on the expected production capacity of KFM and the expected demand of CMOC Group. As KFM is one of the Group's important resources and reserves of copper and cobalt products, the Group intends to purchase all 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. Based on the above, we concur with the management of the Group on such basis of the projection. With the additional production capacity of KFM (phase II), we consider the increments in the estimated quantities for copper and cobalt products in 2027 to be fair and reasonable.

With regard to the Company's estimation on the unit market prices of copper and cobalt products for the three years ending 31 December 2027, 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 2023 of approximately US$8,483 per tonne as disclosed in the 2023 Annual Report which was the spot average price on London Metal Exchange; and (b) the international market price of cobalt metal in 2023 of approximately US$15.11 per lb (equivalent to approximately US$33,312 per tonne) as disclosed in the 2023 Annual Report, which was the average low price of Metal Bulletin standard grade cobalt, 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 have crossed checked the aforesaid pricing indexes on the relevant futures and forwards exchanges and cross-commodity price reporting agency, and noted that the unit market prices of these metal products in 2023 were consistent with the estimated unit market prices adopted in determining the proposed annual caps in the coming three years. On this basis, we consider the estimation of the unit market prices of copper and cobalt products for the three years ending 31 December 2027 to be fair and reasonable.

As advised by the management of the Group, the pricing coefficient of 60% adopted for cobalt products is determined with reference to the historical low coefficient of Metal Bulletin cobalt intermediate (金屬導報中間品系數低幅) published by Fastmarkets. We have reviewed the relevant coefficient index on the Fastmarkets and noted that the average low coefficient of Metal Bulletin cobalt intermediate amounted to approximately 57% in 2024. As such, we consider the pricing coefficient adopted by the Company is fair and reasonable.

With reference to the annual reports of the Group for FY2022 and FY2023, we noted that the international market prices of metal products have fluctuated a lot from 2021 to 2023. For instance, the international market price of cobalt metal has increased by approximately 26.3% from 2021 to 2022 but decreased by approximately 50.1% from 2022 to 2023. As such, we consider it is fair and reasonable to adopt a buffer of 10% to cater for the possible and unpredictable fluctuations in metal prices.

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; (c) the basis of the estimated unit market prices of copper and cobalt products; and (d) a buffer of 10% to cater for the fluctuation in the price for copper and cobalt products in the future, we consider the proposed annual caps of the products to be purchased by CMOC Group from KFM Group for the three years ending 31 December 2027 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 three years ending 31 December 2027, they have taken into account, among others, (a) the expected demand of KFM Group on the equipment, materials, relevant services, etc. provided by CMOC Group, taking into account Phase II of KFM Copper and Cobalt Mine which is expected to be put into production in 2027; (b) the historical transaction amounts regarding the equipment, materials, relevant services, etc. provided by CMOC Group to KFM Group; and (c) a 10% buffer for the fluctuation caused by the inflation and increasing administrative cost for human resources.

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 procurement plan of production materials and equipment required by KFM Group for the three years ending 31 December 2027, and noted that the annual purchase budgets for the KFM (phase I) amounted to approximately US$430 million, US$420 million and US$410 million for each of the three years ending 31 December 2027, respectively. 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. In addition, as discussed above, the exploration work for the KFM (phase II) has been started and made positive progress recently and the KFM (phase II) is expected to be put into production in 2027. Based on the discussion between the Group and KFM Group regarding the construction and production plan of the KFM (phase II), it is expected that approximately US$750 million, US$350 million and US$410 million will be needed for purchasing the required construction and production materials and equipment in each of the three years ending 31 December 2027, respectively. Although the proposed annual caps of ranging from US$1,000 million to US$1,400 million are much higher than the historical transactions (i.e. US$400 million) for the equipment and materials with KFM Group for FY2023, it was primarily due to that the historical transaction amounts were mainly incurred in relation to the KFM (phase I) while the proposed annual caps have taken into account the recently started project, the KFM (phase II) which would require a large amount of construction and production materials and equipment in the coming three years. Based on the above, we concur with the management of the Group on such basis of the projection.

According to the African Development Bank Group (source: https://www.afdb.org/en/countries-central-africa-democratic-republic-congo/democratic-republic-congo-economic-outlook), the inflation of Congo (DRC) has increased from approximately 9.3% in 2022 to approximately 19.9% in 2023, as a result of the depreciation of its currency against the US$ and constraints on food and energy supplies. In line with the central bank's restrictive policy, the inflation is expected to fall to approximately 13.5% over 2024 to 2025. As such, we consider the buffer of 10% to cater for the fluctuation caused by the inflation and increasing administrative cost for human resources is fair and reasonable.

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; (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; and (c) a buffer of 10% to cater for the fluctuation caused by the inflation and increasing administrative cost for human resources, 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 three years ending 31 December 2027 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 three years ending 31 December 2027, they have taken into account, among others, (a) the maximum 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%; and (c) the arrangement of reducing principal amount of prepayment through the sale of copper and cobalt products by KFM Group to CMOC Group for the three years ending 31 December 2027.

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, the maximum prepayment to be made by CMOC Group to KFM Group is estimated to be approximately US$400.0 million and both parties agreed to reduce its principal amount through the sale of copper and cobalt products by KFM Group to CMOC Group for the three years ending 31 December 2027. 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 5.35% and 5.40%, respectively as at 30 August 2024. 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 three years ending 31 December 2027 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%; and (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.

In reviewing the proposed annual caps under the Renewed 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; 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 photovoltaic, wind power, power and storage batteries and new energy vehicles 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 utilisation 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 Renewed 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 which are highly dependent on multiple complex factors such as the global economic conditions, international supply and demand, low-carbon transition and development, and downstream industry demand. 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. 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.

6. 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 Renewed 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/, https://www.gfex.com.cn/ and https://www.smm.cn/ on a daily basis before the entering into of each CATL Subsequent Agreement; and (b) check the final contract prices of the copper, cobalt, nickel and lithium products offered to three 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 and nickel products which are of the similar quality as those provided by KFM Group to CMOC Group on the websites of https://www.lme.com/, https://www.fastmarkets.com/, https://www.mysteel.net/ and https://www.smm.cn/ on a daily basis before the entering into of each CATL Subsequent Agreement and KFM Subsequent Agreement; (b) check the final contract prices of copper, cobalt and nickel products offered by three 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 three 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 Renewed Agreements; and

(iii) the Company will monitor the annual caps and reasonableness and fairness under the Renewed 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 internal approval records for separate agreements between the Group and CATL Group under the Existing CATL Product Sales and Procurement Framework Agreement and internal approval records for separate agreements between the Group and KFM Group under the Existing KFM Sales and Procurement Framework Agreement. Such internal approval records showed the appropriate approval of different departments of the Group on each separate agreement entered into between the Group and CATL Group or KFM Group. As such, we consider that the transactions contemplated thereunder were properly authorised and monitored. In addition, 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 were checked and recorded by the Group on a daily basis. In addition, as discussed in the section headed "4. Principal terms of the Renewed Agreements" above, we have reviewed (i) a total of 37 samples of metal products sale contracts and invoices between the Group and (a) CATL Group; or (b) independent third parties entered into in 2023 and 2024; and (ii) a total of 36 samples of metal products procurement contracts between the Group and (a) CATL Group; or (b) KFM Group; or (c) independent third parties entered into in 2023 and 2024. Based on our review, we noted that the prices for the sale and procurement of metal products by the Group were conducted in accordance with the relevant market-based pricing principle under the Existing CATL Product Sales and Procurement Framework Agreement and the Existing KFM Sales and Procurement Framework Agreement. As such, we are of the view that the above internal control measure adopted by the Group for monitoring the transactions contemplated under the Renewed Agreement (including the pricing policies) are effectively implemented.

Having considered the above, in particular (i) that as discussed in the section headed "4. Principal terms of the Renewed Agreements" above, the pricing policies under the Renewed 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 market has been adherence in accordance with the Group's internal control procedures; (ii) the ongoing monitoring of the transactions under the Renewed 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 Renewed Agreements as discussed below, we concur with the Directors that appropriate and adequate internal control procedures are in place to ensure that the transactions contemplated under the Renewed 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.

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 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 (i) the entering into of the Renewed Agreements are conducted in the ordinary and usual course of business of the Group; and (ii) the terms of the Renewed Agreements (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. 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 Renewed Agreements (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 herein or 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 of the Company and the Supervisors was as follows:

Name	Number of Shares held	Percentage in total share capital
Yuan Honglin	5,858,682	0.027%
Sun Ruiwen	10,800,000	0.050%
Li Chaochun	6,087,692	0.028%
Zhang Zhenhao	1,063,500	0.005%
Total	23,809,874	0.110%

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. On 1 December 2023, as approved by the management committee of the Employee Share Ownership Plan, the First Phase of Employee Share Ownership Plan assigned relevant interests to relevant incentive recipients who had accomplished the performance appraisal indicators during the corresponding interest allocation period in 2022, 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.

Save as disclosed above, so far as was known to the Directors, as at the Latest Practicable Date, none of the Directors, chief executives of the Company and the 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 C3 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 SFO 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	5.38% (L)
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)]	307,443,039 (L)	Interest in controlled corporation	H Share	7.82% (L)

Notes: (L) – Long 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 307,443,039 H Shares due to its control rights over a number of companies. BlackRock Finance, Inc., 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 Unlimited Company, 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.

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 SFO.

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 2023, 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 2023, 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 2023 (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 websites 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; and

(b) the KFM Sales and Procurement Framework Agreement.

Set out below are the details of amendments to the Articles of Association:

Articles of Association	
Before amendment	**After amendment**
Article 3 On 8 March 2007, upon approval by China Securities Regulatory Commission (the "CSRC"), the Company initially issued to the public 1,191,960,000 H shares (the Company's shares listed on The Stock Exchange of Hong Kong Limited) (including the over-allotted shares), which were listed on The Stock Exchange of Hong Kong Limited (the "SEHK") on 26 April 2007. On 13 July 2012, upon approval by the CSRC, the Company initially issued 200,000,000 RMB denominated ordinary shares to the public, which were listed on the Shanghai Stock Exchange on 9 October 2012.~~On 2 December 2014, upon approval by the CSRC, the Company publicly issued 4,900,000 lots of RMB-denominated ordinary shares (hereinafter referred to as "A Shares") Convertible Corporate Bonds at RMB100 each, amounting to RMB4.9 billion in aggregate, in which RMB4,854,442,000 of the Convertible Corporate Bonds were converted into shares of the Company from 2 June 2015 to 9 July 2015, a total of 552,895,708 shares were converted.~~ ~~Upon approval of the issue of bonus shares by way of capitalisation of the capital reserve for the 2015 interim period at the 2015 first extraordinary shareholders' general meeting of the Company held on 30 October 2015, based on its total share capital of 5,629,066,233 shares as at 31 July 2015, the Company issued a total of 11,258,132,466 bonus shares to its Shareholders by way of capitalisation of the capital reserve of the Company on the basis of twenty (20) bonus shares for every ten (10) existing shares. Upon completion of the capitalisation of capital reserve, the total share capital is 16,887,198,699 shares.~~ ~~On 15 June 2017, upon approval by the CSRC, the Company non-publicly issued 4,712,041,884 A shares. Upon completion of additional shares registration on 24 July, the total share capital amounted to 21,599,240,583 shares.~~	Article 3 On 8 March 2007, upon approval by China Securities Regulatory Commission (the "CSRC"), the Company initially issued to the public 1,191,960,000 H shares (the Company's shares listed on The Stock Exchange of Hong Kong Limited) (including the over-allotted shares), which were listed on The Stock Exchange of Hong Kong Limited (the "SEHK") on 26 April 2007. On 13 July 2012, upon approval by the CSRC, the Company initially issued 200,000,000 RMB denominated ordinary shares to the public, which were listed on the Shanghai Stock Exchange on 9 October 2012.

Articles of Association	
Before amendment	**After amendment**
Article 6 ~~Upon the completion of the non-public issuance of A shares for 2017,~~ the registered capital of the Company amounts to RMB4,319,848,116.60.	Article 6 The registered capital of the Company amounts to RMB4,299,848,123.8.
Article 8 The legal representative of the Company shall be the chairman of its board of directors.	Article 8 **The legal representative of the Company shall be a director or manager who transacts corporate business on behalf of the Company, in which case such director or manager that resigns as the legal representative shall be deemed to have resigned as the legal representative at the same time. Upon resignation by such legal representative, the Company shall identify a new legal representative within 30 days from the date of the resignation of such legal representative.**
Article 21 The total shares of the Company amounted to 21,599,240,583 shares. The current structure of the Company's share capital is as follows: 21,599,240,583 issued ordinary shares of the Company, with a par value of RMB0.2 per share, of which 17,665,772,583 shares are A Shares, representing 81.79% of the total issued ordinary shares of the Company, and 3,933,468,000 shares are H shares, representing 18.21% of the total issued ordinary shares of the Company. ~~As considered and approved by the Shareholders' general meeting and approved by the securities regulatory authorities of the State Council, the Company has split one RMB-denominated shares with a par value of RMB1 per share into five shares with a par value of RMB0.2 per share. On 28 March 2007, upon approval of the securities regulatory authorities of the State Council, the Company initially issued to the public 1,191,960,000 H shares (including the over-allotted shares) with a par value of RMB0.2 per share, which were listed on the main board of The Stock Exchange of Hong Kong Limited on 26 April 2007.~~	Article 21 The total shares of the Company amounted to 21,499,240,619 shares. The current structure of the Company's share capital is as follows: 21,499,240,619 issued ordinary shares of the Company, with a par value of RMB0.2 per share, of which 17,565,772,619 shares are A Shares, representing 81.70% of the total issued ordinary shares of the Company, and 3,933,468,000 shares are H shares, representing 18.30% of the total issued ordinary shares of the Company. ....

Articles of Association	
Before amendment	**After amendment**
~~Upon its initial offering of H shares, the Company's structure of share capital is as follows: 4,876,170,525 ordinary shares, in which 1,311,156,000 shares are held by holders of H shares, representing 26.89% of the total ordinary shares of the Company.~~ ~~Upon completion of the issue of A Shares, the Company's structure of share capital is as follows: 5,076,170,525 ordinary shares, in which 1,311,156,000 shares are held by holders of H shares, representing 25.83% of the total ordinary shares of the Company.~~ ~~Upon the completion of the conversion of A Share Convertible Corporate Bonds, the Company's structure of share capital is as follows: 5,629,066,233 ordinary shares, in which 1,311,156,000 shares are held by holders of H shares, representing 23.29% of the total ordinary shares of the Company.~~ ~~Upon the completion of the issue of bonus shares by way of capitalisation of capital reserve for the 2015 interim period, the Company's share capital structure is as follows: 16,887,198,699 ordinary shares, of which 3,933,468,000 shares are held by holders of H shares, representing 23.29% of the total ordinary shares of the Company.~~ ~~On 15 June 2017, upon approval by the CSRC, the Company non-publicly issued 4,712,041,884 A Shares. Upon completion of additional shares registration on 24 July, the total share capital amounted to 21,599,240,583 shares.~~ ……	

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)

NOTICE OF THE 2024 FIRST EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2024 first extraordinary general meeting (the "**EGM**") of CMOC Group Limited* (the "**Company**") will be held at International Hotel Luoyang, Luolong District, Luoyang City, Henan Province, the People's Republic of China (the "**PRC**") at 10:00 a.m. on Tuesday, 10 December 2024 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 20 November 2024.

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 RESOLUTIONS

3. "To consider and approve the proposal on the Proposed Cancellation of the repurchased A Shares under the A Share Repurchase Plan (Phase II)."

4. "To consider and approve the proposal on the Proposed Changes of the registered capital and company type of the Company and the Proposed Amendments to the Articles of Association."

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

Luoyang City, Henan Province, the PRC, 20 November 2024

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

* *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 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/her 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 Monday, 9 December 2024 (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 Thursday, 5 December 2024 to Tuesday, 10 December 2024 (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 Wednesday, 4 December 2024 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 Wednesday, 4 December 2024.

(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.

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)

NOTICE OF THE 2024 FIRST CLASS MEETING OF H SHAREHOLDERS

NOTICE IS HEREBY GIVEN that the 2024 first class meeting of H Shareholders (the "**Class Meeting of H Shareholders**") of CMOC Group Limited* (the "**Company**") will be held immediately after the 2024 first extraordinary general meeting and the 2024 first class meeting of A Shareholders of the Company and any adjournments thereof, at International Hotel Luoyang, Luolong District, Luoyang City, Henan Province, the People's Republic of China (the "**PRC**") on Tuesday, 10 December 2024 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 20 November 2024.

SPECIAL RESOLUTIONS

1. "To consider and approve the proposal on the Proposed Cancellation of the repurchased A Shares under the A Share Repurchase Plan (Phase II)."

2. "To consider and approve the proposal on the Proposed Changes of the registered capital and company type of the Company and the Proposed Amendments to the Articles of Association."

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

Luoyang City, Henan Province, the PRC, 20 November 2024

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

* *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 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 Class Meeting of H Shareholders is entitled to appoint in writing one or more proxies, whether a Shareholder or not, to attend and vote on his/her behalf at the Class Meeting of H Shareholders. 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 Monday, 9 December 2024 (or if the Class Meeting of H Shareholders is adjourned, not less than 24 hours before the time appointed for holding the adjournment Class Meeting of H Shareholders (as the case may be)). Completion and return of the form of proxy will not preclude a Shareholder from attending and voting at the Class Meeting of H Shareholders 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 Class Meeting of H Shareholders, the register of members of H Shares of the Company will be closed from Thursday, 5 December 2024 to Tuesday, 10 December 2024 (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 Wednesday, 4 December 2024 shall be entitled to attend and vote at the Class Meeting of H Shareholders. In order for the H Shareholders to qualify for attending and voting at the Class Meeting of H Shareholders, 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 Wednesday, 4 December 2024.

(4) Shareholders or their proxies must present proof of their identities upon attending the Class Meeting of H Shareholders. 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 Class Meeting of H Shareholders.

(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
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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 Class Meeting of H Shareholders is expected to last not more than one day. Shareholders or proxies attending the Class Meeting of H Shareholders are responsible for their own transportation and accommodation expenses.