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

If you have sold or transferred all your shares in China Daye Non-Ferrous Metals Mining Limited, you should at once hand this circular together with the accompanying form of proxy to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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中國大冶有色金屬礦業有限公司

China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 661)

**(1) REVISION OF ANNUAL CAPS FOR CONTINUING
CONNECTED TRANSACTIONS
AND
(2) NOTICE OF SPECIAL GENERAL MEETING**

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

AMASSE CAPITAL
寶 積 資 本

A letter from the Board is set out on pages 5 to 13 of this circular. A letter from the Independent Board Committee is set out on page 14 of this circular. A letter from the Independent Financial Adviser is set out on pages 15 to 23 of this circular. A notice convening the SGM to be held at Function Room 4 & 6, 3/F, The Mira Hong Kong, Mira Place, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, June 30, 2023 at 2:30 p.m. is set out on pages SGM-1 to SGM-2 of this circular. A form of proxy for use at the SGM is enclosed. Such form of proxy is also published on the websites of The Stock Exchange of Hong Kong Limited (www.hkexnews.hk) and the Company (www.hk661.com).

Whether or not you are able to attend the SGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the SGM or any adjournment thereof if they so wish and in such event, the proxy form shall be deemed to be revoked.

June 15, 2023

CONTENTS

| | |
|--|-------|
| DEFINITIONS | 1 |
| LETTER FROM THE BOARD | 5 |
| INTRODUCTION | 5 |
| REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS | 5 |
| SPECIAL GENERAL MEETING | 12 |
| PROXY ARRANGEMENT | 12 |
| VOTING BY WAY OF POLL | 13 |
| RECOMMENDATIONS..... | 13 |
| ADDITIONAL INFORMATION | 13 |
| LETTER FROM THE INDEPENDENT BOARD COMMITTEE | 14 |
| LETTER FROM THE INDEPENDENT FINANCIAL ADVISER | 15 |
| APPENDIX I – GENERAL INFORMATION | I-1 |
| NOTICE OF SPECIAL GENERAL MEETING | SGM-1 |

DEFINITIONS

In this circular, unless otherwise defined or the context otherwise requires, the following terms or expressions shall have the following meanings:

| | |
|------------------------------|--|
| “Announcement” | the announcement of the Company dated May 23, 2023 |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors |
| “China No. 15 Metallurgical” | China No. 15 Metallurgical Construction Group Co., Ltd.* (中國十五冶金建設集團有限公司), a limited liability company established in the PRC and a wholly owned subsidiary of CNMC |
| “China Times” | China Times Development Limited, a company incorporated in the British Virgin Islands with limited liability and the immediate controlling Shareholder |
| “CNMC” | China Nonferrous Metal Mining (Group) Co., Ltd* (中國有色礦業集團有限公司), a limited liability company incorporated in the PRC and a controlling Shareholder |
| “Company” | China Daye Non-Ferrous Metals Mining Limited (Stock Code: 661), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange |
| “connected person(s)” | has the meaning ascribed to it under the Listing Rules |
| “connected transaction(s)” | has the meaning ascribed to it under the Listing Rules |
| “Current Bye-Laws” | the bye-laws of the Company currently in force |
| “Daye Metal” | Daye Non-ferrous Metals Co., Ltd.* (大冶有色金屬有限責任公司), a limited liability company established in the PRC and a non-wholly owned subsidiary of the Company |
| “Director(s)” | the director(s) of the Company |

DEFINITIONS

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| “Existing Annual Caps” | the existing annual cap amount in respect of the supply of certain products by the Group to Yangxin Hongsheng under the Yangxin Hongsheng Sales Framework Agreement for the financial years ending December 31, 2023 and 2024 as set out in the announcement dated November 22, 2022 and the circular dated December 23, 2022 |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Huangshi State-owned Assets Management” | Huangshi State-owned Assets Management Co., Ltd.* (黃石市國有資產經營有限公司), a limited liability company established in the PRC |
| “Huangshi Xingang Development” | Huangshi Xingang Development Co., Ltd.* (黃石新港開發有限公司), a limited liability company incorporated in the PRC, holding 16% equity interests of Yangxin Hongsheng |
| “Independent Board Committee” | an independent committee of the Board comprising Ms. Liu Fang, Mr. Wang Qihong, Mr. Liu Jishun, being all the independent non-executive Directors, which is formed to advise the Independent Shareholders on the adoption of the Revised Annual Caps |
| “Independent Financial Adviser” | Amasse Capital Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, which has been appointed by the Company as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the adoption of the Revised Annual Caps |
| “independent third party” | a person or entity who is not a connected person of the Company |
| “Independent Shareholder(s)” | Shareholder(s) other than China Times, the Parent Company, CNMC and their respective associates |

DEFINITIONS

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|---------------------------------------|---|
| “Latest Practicable Date” | June 12, 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| “Market Price” | means such price(s) that: <ol style="list-style-type: none">(1) the contracting party (as the supplier of products or service) provides such products or services to independent third parties for the same or similar products or services;(2) independent third parties provides such products or services to other independent third parties for the same or similar products or services; or(3) as determined by industry standards or practice for the same or similar products or services |
| “New Copper Cathode Production Plant” | a high purity copper cathode production plant owned by Yangxin Hongsheng located in Huangshi Xingang (Logistics) Industrial Park, Huangshi, Hubei, the PRC, with a production capacity of 400,000 tonnes per year and a total site area of approximately 1 million square metres |
| “Parent Company” | Daye Nonferrous Metals Group Holdings Company Limited* (大冶有色金屬集團控股有限公司), a limited liability company incorporated in the PRC and a controlling Shareholder |
| “PRC” | the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the People’s Republic of China and Taiwan |
| “Revised Annual Caps” | the revised annual cap amount in respect of the supply of certain products from the Group to Yangxin Hongsheng under the Yangxin Hongsheng Sales Framework Agreement for the financial years ending December 31, 2023 and 2024 |

DEFINITIONS

| | |
|---|---|
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SFO” | Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong |
| “SGM” or “Special General Meeting” | a special general meeting of the Company to be held to consider and if thought fit, approve the adoption of Revised Annual Caps |
| “Share(s)” | share(s) of the Company |
| “Shareholder(s)” | holder(s) of the share(s) of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “Yangxin Hongsheng” | Yangxin Hongsheng Copper Industry Company Limited (陽新弘盛銅業有限公司), a non-wholly owned subsidiary of the Company |
| “Yangxin Hongsheng Sales Framework Agreement” | the sales framework agreement dated November 22, 2022 entered into between the Company and Yangxin Hongsheng, the details of which are set out in the announcement dated November 22, 2022 and the circular dated December 23, 2022 |
| “%” | per cent |

* *For identification purpose only*

LETTER FROM THE BOARD



中國大冶有色金屬礦業有限公司

China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 661)

Executive Directors:

Mr. Xiao Shuxin (*Chairman*)

Mr. Long Zhong Sheng (*Chief Executive Officer*)

Mr. Chen Zhimiao

Mr. Zhang Guangming

Registered Office:

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

Independent Non-Executive Directors:

Ms. Liu Fang

Mr. Wang Qihong

Mr. Liu Jishun

*Head Office and Principal Place
of Business:*

Room 1, 11/F

China United Plaza

1008 Tai Nan West Street

Kowloon

Hong Kong

June 15, 2023

To the Shareholders

Dear Sir or Madam,

**(1) REVISION OF ANNUAL CAPS FOR CONTINUING
CONNECTED TRANSACTIONS**

AND

(2) NOTICE OF SPECIAL GENERAL MEETING

I. INTRODUCTION

The purpose of this circular is to provide Shareholders with the notice of SGM and further information in relation to the resolution to be proposed at the SGM regarding the adoption of the Revised Annual Caps.

**II. REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED
TRANSACTIONS**

References are made to the announcement of the Company dated November 22, 2022, the circular dated December 23, 2022 and the Announcement in relation to, among others, the entering into of the Yangxin Hongsheng Sales Framework Agreement, the Existing Annual Caps, and the revision of annual caps for the transactions contemplated under the Yangxin

LETTER FROM THE BOARD

Hongsheng Sales Framework Agreement. Under the Yangxin Hongsheng Sales Framework Agreement, the Group will supply certain products to Yangxin Hongsheng, including, among others, copper concentrate and other products as agreed by the parties from time to time during the term thereof.

The amount of copper concentrate to be supplied by the Group to Yangxin Hongsheng and the transaction amount under the Yangxin Hongsheng Sales Framework Agreement are expected to increase, and the Board envisages that the Existing Annual Caps will not be sufficient to fulfil the additional previously unforeseen transactions that may take place under the Yangxin Hongsheng Sales Framework Agreement for the financial years ending December 31, 2023 and 2024, respectively.

Pricing Policy

The prices and charges under the Yangxin Hongsheng Sales Framework Agreement are determined based on: (i) the government-prescribed price; or (ii) if there is no applicable government-prescribed price, the Market Price or a price determined by the internal documents of the Group developed with reference to the Market Price. If the prices and charges are determined based on or with reference to prices, exchange rates or tax rates stated in specific government documents, internal documents of the Group, exchanges or industry-related websites, the effective aforementioned documents, prices and rates at the time of the entry into of specific transaction agreements by the parties shall prevail.

According to the Yangxin Hongsheng Sales Framework Agreement, prices for the supply of copper concentrate are determined by the parties with reference to (as applicable): (i) the market price of gold as quoted on the London Bullion Market Association (adjusted with reference to the premium or discount quoted by Reuters); (ii) the market price of silver as quoted on the London Bullion Market Association (adjusted with reference to the premium or discount quoted by Reuters); or (iii) the market price of copper as quoted on the London Metal Exchange (adjusted with reference to the premium or discount quoted by Reuters), and taking into account the smelting and processing costs of the copper concentrate.

Historical Transaction Amount

For the four months ended April 30, 2023, the transaction amount incurred in respect of the transactions under the Yangxin Hongsheng Sales Framework Agreement was approximately RMB1,669.13 million (unaudited), all of which was attributed to the supply of copper concentrates by the Group to Yangxin Hongsheng. The Company also confirms that as of the Latest Practicable Date, the actual transaction amount has not exceeded the Existing Annual Caps.

LETTER FROM THE BOARD

Revised Annual Caps

Accordingly, the Board resolved to revise the annual caps for the years ending December 31, 2023 and 2024 for the transactions as contemplated under the Yangxin Hongsheng Sales Framework Agreement as follows:

| | Year ending December 31, 2023 (RMB'000) | Year ending December 31, 2024 (RMB'000) |
|----------------------|--|--|
| Existing Annual Caps | 2,336,214 | 2,704,630 |
| Revised Annual Caps | 7,203,325 | 7,905,839 |

The increase in the annual caps is solely for the supply of copper concentrates. The above Revised Annual Caps are determined with reference to (i) the projected increase of future orders based on the expected amount of copper concentrates to be supplied to Yangxin Hongsheng; (ii) the historical transaction amount paid by Yangxin Hongsheng to the Group; (iii) existing purchase orders placed by other purchasers with the Group for copper concentrates; and (iv) the average historical market price and the anticipated future market price for copper concentrates. The value of orders to be placed by Yangxin Hongsheng under the Yangxin Hongsheng Sales Framework Agreement is estimated to be approximately RMB400 million to RMB600 million per month for the period from May to December 2023. For the year ending December 31, 2024, the said order value is expected to further increase to approximately RMB450 million to RMB650 million per month, leading to an increase in the Revised Annual Cap in 2024 comparing with 2023. A buffer of approximately 15% is included in the determination of each of the Revised Annual Cap taking into account of the fluctuations in the market price of copper.

For the avoidance of doubt, the proposed annual caps for the year ending December 31, 2025 for the transactions as contemplated under the Yangxin Hongsheng Sales Framework Agreement as set out in the circular dated December 23, 2022 shall remain unchanged.

Given that (i) there is a real need for the Company to increase the annual caps to purchase additional copper concentrate from the Group to satisfy its production needs to facilitate and ensure the continued operation of the New Copper Cathode Production Plant, which will be further elaborated below in the section headed “Reasons for and Benefits of the Adoption of Revised Annual Caps”; and (ii) the prices of the copper concentrate were determined by both parties with reference to the prevailing market price and are on normal commercial terms, the transactions contemplated under the Yangxin Hongsheng Sales Framework Agreement and the adoption of the Revised Annual Caps are fair and reasonable and are in the interests of the Company and its shareholders as a whole.

LETTER FROM THE BOARD

Reasons for and Benefits of the Adoption of Revised Annual Caps

The amount of copper concentrate to be supplied by the Group to Yangxin Hongsheng and the transaction amount under the Yangxin Hongsheng Sales Framework Agreement are expected to increase, and the Board envisages that the Existing Annual Caps will not be sufficient to fulfil the additional previously unforeseen transactions that may take place under the Yangxin Hongsheng Sales Framework Agreement for the financial years ending December 31, 2023 and 2024 due to unexpected delay in the progress of the application and issuance of letters of credit from banks as further detailed below.

For the purpose of supporting the operation of the New Copper Cathode Production Plant, Yangxin Hongsheng would purchase copper concentrate mainly from independent third parties of the Group, and from the Group from time to time, for such supply of raw materials. The Existing Annual Caps were determined based on the then expected demand of Yangxin Hongsheng for copper concentrate supplied by the Group. The purchases from independent third parties of the Group would in general be supported by letters of credit to be issued by banks. Due to the stricter review and approval requirements of banking institutions in the PRC, certain banks would require the New Copper Cathode Production Plant reaching its production capacity and standard as a condition precedent for the issuance of letters of credit to Yangxin Hongsheng. As the New Copper Cathode Production Plant would only reach its production capacity and standard in 2024 as currently expected, progress of the application and the issuance of certain letters of credit from the banks for Yangxin Hongsheng (for the purpose of its procurement of copper concentrate from third party suppliers) have in turn been delayed. As a result, to facilitate and ensure the continued operation of the New Copper Cathode Production Plant, Yangxin Hongsheng expects to increase its purchase of copper concentrate from the Group as raw materials for the production under the New Copper Cathode Production Plant during the years ending December 31, 2023 and 2024 while pending the issuance of the letters of credit from the banks to cover the shortfall in the amount of copper concentrate that was originally expected to be sourced from third party suppliers. The Group expects that Yangxin Hongsheng would be able to obtain the letters of credit for the purpose of its purchase of copper concentrate from independent third parties suppliers for the year ending December 31, 2025 upon the New Copper Cathode Production Plant reaching its production capacity and standard in 2024 as currently expected. The Group would meanwhile continue to purchase copper concentrate from independent third parties (with the letters of credit issued to the Group by the banks) to support the production of the Group, including for its supply to Yangxin Hongsheng as required. The Group is not required to provide guarantee(s) or pledge(s) to the banks for such issuance of the letters of credit.

LETTER FROM THE BOARD

Due to the aforementioned factors, the amount of copper concentrate to be supplied by the Group to Yangxin Hongsheng is expected to exceed the initial estimate for the years ending December 31, 2023 and 2024. The Board envisages that the Existing Annual Caps will not be sufficient to fulfil the additional unforeseen transactions that may take place under the Yangxin Hongsheng Sales Framework Agreement for the financial years ending December 31, 2023 and 2024 and therefore proposes to adopt the Revised Annual Caps.

The Group has been serving as a back-up source of supply of copper concentrate to Yangxin Hongsheng. Yangxin Hongsheng adopts a “double flash” process in production (a combination of flash smelting and flash converting), which requires imported copper concentrates with higher purity. As there are differences in the level of purity of copper concentrates required as raw materials for the production of the Company and New Copper Cathode Production Plant of Yangxin Hongsheng, the Company may resell copper concentrates with higher purity that satisfy Yangxin Hongsheng’s requirements to Yangxin Hongsheng. In addition, as the delivery cycle of imported copper concentrates is generally long, depending on the production situation and the inventory level of the Company and Yangxin Hongsheng, the Company may supply copper concentrates to Yangxin Hongsheng if it has a higher level of inventory.

The Board is of the view that the Revised Annual Caps will continue to allow the Group to serve as a reliable back-up source of supply of copper concentrate to Yangxin Hongsheng to facilitate the continued operation of the New Copper Cathode Production Plant, which will in turn increase the production capacity of copper cathode of the Group, maximize the utilization of the inventory of the Group to facilitate production and minimize the administrative costs and time costs involved for such sales considering its intra-group relationship with the Company.

The Directors (excluding the independent non-executive Directors whose view will be expressed after receiving advice from the Independent Financial Adviser) consider that the proposed Revised Annual Caps are fair and reasonable and in the interests of the Group and the Shareholders as a whole.

Internal Control Measures

The Company has established the connected transactions management committee, which is the discussion and decision-making body for the connected transactions management, and is led by the Board which directly and comprehensively manages the relevant matters of the connected transactions.

The Company has implemented stringent measures to monitor the pricing standards for the continuing connected transactions of the Group. The department heads of the relevant business departments are responsible for the initial price determination of the proposed connected transactions of the Group. Such initial price determination will be reported to and approved by the finance department of the Company. Then, these prices will be reported to the legal department of the Company, which is responsible for collating from the various business

LETTER FROM THE BOARD

departments such information regarding the proposed connected transactions of the Group, and ensuring that the terms of any such proposed connected transactions are in compliance with applicable laws, rules and regulations. After all these review processes, the legal representative or authorised representative of the Company will execute such connected transactions on behalf of the Company. The capital operation department, finance department and legal department of the Company are responsible for monitoring each of the connected transactions of the Group to ensure that they are conducted in accordance with its terms, including the relevant pricing mechanism and the periodic reporting of the relevant transaction amounts.

The enterprise development department and the finance department of the Company will monitor the continuing connected transactions and summarise the transaction amounts incurred under each of the connected transaction framework agreements regularly on a monthly basis, and reports will be submitted to the Board for its quarterly review. In the event the actual transaction amount reaches 80% of the relevant annual cap, a re-assessment will be conducted. If it is determined after such re-assessment that the annual cap may be exceeded, the enterprise development department of the Company would initiate the procedures for a board meeting and/or shareholders' meeting (as and when required) to increase the annual cap as soon as practicable.

Further, the transactions under the Yangxin Hongsheng Sales Framework Agreement are subject to the reporting requirements and the independent non-executive Directors will review the transactions annually to assess whether such transactions are conducted in accordance with the terms (including the pricing mechanism) as set out in the Yangxin Hongsheng Sales Framework Agreement.

The Board is of the view that the above internal control measures can ensure that the transactions under the Yangxin Hongsheng Sales Framework Agreement are conducted on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Information on the Parties

The Group is principally engaged in the exploitation of mineral resources, the mining and processing of mineral ores and the trading of metal products.

Yangxin Hongsheng is a limited liability company established in the PRC and principally engaged in the manufacturing and sale of metal materials and chemicals, and the sale of nonferrous alloys and bullion products. It is a non-wholly owned subsidiary of the Company, owned by Daye Metal as to 52.00%, China No. 15 Metallurgical (a wholly-owned subsidiary of CNMC) as to 24%, Huangshi Xingang Development as to 16% and Huangshi State-owned Assets Management as to 8%, respectively.

LETTER FROM THE BOARD

Listing Rules Implications

According to Rule 14A.54 of the Listing Rules, if the Company proposes to revise the annual caps for continuing connected transactions, the Company will be required to re-comply with the provisions of Chapter 14A of the Listing Rules in relation to the relevant connected transactions.

As at the date of this announcement, China Times directly held 11,962,999,080 Shares, representing approximately 66.85% of the issued share capital of the Company, and is a wholly owned subsidiary of the Parent Company. Accordingly, the Parent Company is a controlling shareholder of the Company indirectly interested in approximately 66.85% of the issued share capital of the Company, and CNMC is the controlling shareholder of the Parent Company holding approximately 57.99% of the equity interests in the Parent Company. Therefore, each of China Times, the Parent Company and CNMC is a connected person of the Company. Yangxin Hongsheng is owned by Daye Metal as to 52.00%, China No. 15 Metallurgical (a wholly-owned subsidiary of CNMC) as to 24%, Huangshi Xingang Development as to 16% and Huangshi State-owned Assets Management as to 8%, respectively. Accordingly, Yangxin Hongsheng is a connected subsidiary of the Company. As a result, the transactions contemplated under the Yangxin Hongsheng Sales Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the Revised Annual Caps exceeds 5%, the Yangxin Hongsheng Sales Framework Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Mr. Long Zhong Sheng, who is an executive Director, is also a director of China Times. As such, Mr. Long Zhong Sheng was deemed to have a material interest in, and has abstained from voting on the resolutions at the meeting of the Board to approve the adoption of Revised Annual Caps. Save as disclosed above, none of the Directors has any material interest in, or is required to abstain from voting on the resolutions passed by the Board to approve the adoption of Revised Annual Caps.

LETTER FROM THE BOARD

Independent Board Committee and Independent Financial Adviser

The Independent Board Committee (comprising all the independent non-executive Directors) has been formed in accordance with Chapter 14A of the Listing Rules to advise the Independent Shareholders on the fairness and reasonableness of the adoption of the Revised Annual Caps, after taking into account the recommendations of the Independent Financial Adviser. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

III. SPECIAL GENERAL MEETING

The SGM will be convened and held at Function Room 4 & 6, 3/F, The Mira Hong Kong, Mira Place, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, June 30, 2023 at 2:30 p.m. for the Independent Shareholders to consider and, if thought fit, approve the adoption of the Revised Annual Caps. The notice of the SGM is set out on pages SGM-1 to SGM-2 of this circular. China Times, which directly held 11,962,999,080 Shares (representing 66.85% of the issued share capital of the Company) as at the Latest Practicable Date, will abstain from voting on the resolution approving the adoption of the Revised Annual Caps.

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, save and except China Times, no other Shareholder has a material interest in the adoption of the Revised Annual Caps, therefore, no other Shareholder will be required to abstain from voting at the SGM.

The record date for determining Shareholders' right to attend and vote at the SGM is Tuesday, June 27, 2023. For determining the eligibility to attend and vote at the SGM, the register of members of the Company will be closed from Tuesday, June 27, 2023 to Friday, June 30, 2023, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the SGM, all transfer of Shares documents, accompanied by the relevant share certificates, must be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration not later than 4:30 p.m. on Monday, June 26, 2023.

IV. PROXY ARRANGEMENT

A form of proxy for use at the SGM is despatched to Shareholders together with this circular. Such form of proxy is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.hk661.com). Whether or not you are able to attend the SGM, please complete and sign the accompanying form of proxy in accordance with the instructions printed thereon and return it to the branch share registrar of the Company in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the SGM or any adjournment thereof if they so wish and in such event, the proxy form shall be deemed to be revoked.

LETTER FROM THE BOARD

V. VOTING BY WAY OF POLL

Pursuant to bye-law 66(1) of the Current Bye-Laws and Rule 13.39(4) of the Listing Rules, any vote of the Shareholders to be taken at a general meeting of the Company shall 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. An announcement of the poll results will be made by the Company after the SGM in the manner prescribed under Rule 13.39(5) of the Listing Rules.

VI. RECOMMENDATIONS

The Independent Board Committee, having taken into account and based on the recommendation of the Independent Financial Adviser, considers that the adoption of the Revised Annual Caps for the Yangxin Hongsheng Sales Framework Agreement and the transactions contemplated thereunder have been entered into on normal commercial terms, in the ordinary and usual course of business of the Group, are fair and reasonable and in the interest of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee has recommended the Independent Shareholders to vote in favour of the resolutions to be proposed at the SGM to approve the adoption of the Revised Annual Caps for the Yangxin Hongsheng Sales Framework Agreement.

VII. ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out on page 14 of this circular, containing its recommendation in respect of the adoption of the Revised Annual Caps; (ii) the letter from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders set out on pages 15 to 23 of this circular, containing its recommendation in respect of the adoption of the Revised Annual Caps; and (iii) the additional information set out in the appendices to this circular.

Yours faithfully,

By order of the Board

China Daye Non-Ferrous Metals Mining Limited

Xiao Shuxin

Chairman

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

The following is a full text of the letter from the Independent Board Committee to the Independent Shareholders, which has been prepared for the purpose of inclusion in this circular.



中國大冶有色金屬礦業有限公司

China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 661)

June 15, 2023

To the Independent Shareholders

Dear Sir or Madam,

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

We refer to the circular dated June 15, 2023 issued by the Company (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meanings when used herein, unless the context otherwise requires.

We have been authorized by the Board to form the Independent Board Committee to consider and advise the Independent Shareholders as to whether, in its opinion, the adoption of the Revised Annual Caps are fair and reasonable, and the transactions contemplated thereunder are on normal commercial terms or better, in the ordinary and usual course of business of our Group and in the interests of the Company and the Shareholders as a whole. Amasse Capital Limited, the Independent Financial Adviser, has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

We wish to draw your attention to (i) the “Letter from the Board” set out on pages 5 to 13 of the Circular; (ii) the “Letter from the Independent Financial Adviser” set out on pages 15 to 23 of the Circular and (iii) the additional information set out in the appendices to the Circular.

Having taken into account, among other things, the principal factors and reasons considered by, and the advice of, the Independent Financial Adviser, we concur with the view of the Independent Financial Adviser and consider that the adoption of the Revised Annual Caps for the Yangxin Hongsheng Sales Framework Agreement and the transactions contemplated thereunder are (i) entered into in the ordinary and usual course of business of the Group; (ii) on normal commercial terms and are fair and reasonable so far as the Independent Shareholders are concerned; and (iii) in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the relevant resolution to be proposed at the SGM to approve the adoption of the Revised Annual Caps for the Yangxin Hongsheng Sales Framework Agreement.

Yours faithfully,
for and on behalf of
the Independent Board Committee

Liu Fang

Wang Qihong

Liu Jishun

Independent Non-executive Directors

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Set out below is the full text of the letter received from Amasse Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, which has been prepared for the purpose of incorporation in this circular.

AMASSE CAPITAL
寶 積 資 本

15 June 2023

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders regarding the Revised Annual Caps for the two financial years ending 31 December 2024 in respect of the Yangxin Hongsheng Sales Framework Agreement.

Details of the Revised Annual Caps are set out in the letter from the Board contained in the circular of the Company dated 15 June 2023 (the “**Circular**”), of which this letter forms a part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context requires otherwise.

OUR INDEPENDENCE

As at the Latest Practicable Date, we did not have any relationships or interests with the Company or any other parties that could reasonably be regarded as relevant to our independence. In the last two years, we have acted as the independent financial adviser to the independent board committee and the independent shareholders of the Company regarding non-exempt continuing connected transactions, details of which are set out in the circular of the Company dated 23 December 2022 (the “**Previous Appointment**”).

With regard to our independence from the Company, it is noted that (i) apart from normal professional fees paid or payable to us in connection with the Previous Appointment as well as the current appointment as the Independent Financial Adviser, no arrangements exist whereby we had received or will receive any fees or benefits from the Company or any other parties that could reasonably be regarded as relevant to our independence; and (ii) we have maintained our independence from the Company during the Previous Appointment. Accordingly, we consider that the Previous Appointment would not affect our independence, and that we are independent from the Company pursuant to the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors and the management of the Company (collectively, the “**Management**”). We have reviewed information on the Company, including but not limited to (i) the announcement of the Company dated 23 May 2023; (ii) the Yangxin Hongsheng Sales Framework Agreement; and (iii) other information contained in the Circular. We have assumed that all information and representations that have been provided by the Management, for which the Directors are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the representation and confirmation of the Management that there are no undisclosed private agreements/arrangements or implied understanding with anyone concerning the Yangxin Hongsheng Sales Framework Agreement. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with the Listing Rules.

The Directors have collectively and individually accepted full responsibility for the accuracy of the information contained in the Circular and have confirmed, having made all reasonable enquiries, which to the best of their knowledge and belief, that the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in the Circular or the Circular as a whole misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, carried out any independent verification of the information provided by the Management, nor have we conducted any independent in-depth investigation into the business and affairs of any members of the Group, the counter party(ies) to the Yangxin Hongsheng Sales Framework Agreement or their respective subsidiaries or associates. We also have not considered the taxation implication on the Group or the Shareholders as a result of the Yangxin Hongsheng Sales Framework Agreement (including the Revised Annual Caps). We have not carried out any feasibility study on the past, and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group. Our opinion has been formed on the assumption that any analysis, estimation, anticipation, condition and assumption provided by the Group are feasible and sustainable. Our opinion shall not be construed as to give any indication to the validity, sustainability and feasibility of any past, existing and forthcoming investment decision, opportunity or project undertaken or to be undertaken by the Group.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company. We expressly disclaim any liability and/or any loss arising from or in reliance upon the whole or any part of the contents of this letter.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

PRINCIPAL FACTORS TAKEN INTO CONSIDERATION

In formulating our opinion, we have taken into consideration the following principal factors and reasons.

1. Background Information of on the Group and Yangxin Hongsheng

The Group

The Group is principally engaged in the exploitation of mineral resources, the mining and processing of mineral ores and the trading of metal products.

Yangxin Hongsheng

Yangxin Hongsheng is limited liability company established in the PRC and principally engaged in the manufacturing and sale of metal materials and chemicals, and the sale of nonferrous alloys and bullion products. It is a non-wholly owned subsidiary of the Company, owned by Daye Metal as to 52.00%, China No. 15 Metallurgical (a wholly-owned subsidiary of CNMC) as to 24%, Huangshi Xingang as to 16% and Huangshi State-owned Assets Management as to 8%, respectively. It owns the New Copper Cathode Production Plant and the operations of which commence since October 2022.

2. Major Terms of the Yangxin Hongsheng Sales Framework Agreement

| | |
|---------|--|
| Date: | 22 November 2022 |
| Parties | (1) the Company; and (2) Yangxin Hongsheng. |

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

| | |
|-----------------------------|--|
| Nature of transactions: | The Group will supply certain products to Yangxin Hongsheng, including gold, silver, copper cathodes, copper concentrate, natural gas, residual heat power generation, water, electricity, raw materials, auxiliary equipment, supporting materials, spare part materials, production equipment, tools, sulfuric acid, dump truck, waste materials and such other products as agreed by the parties from time to time. |
| Term: | 1 January 2023 to 31 December 2025. |
| Time and method of payment: | Based on market practice. |

Pricing policy

The terms of the Yangxin Hongsheng Sales Framework Agreement have not been changed or modified in any way and the major terms (including the pricing policy) are set out in the section headed “– II. Major Transaction And Continuing Connected Transactions – 3. Yangxin Hongsheng Sales Framework Agreement” in the Letter from the Board in the circular of the Company dated 23 December 2022.

Internal control measures

The Company has established the connected transactions management committee, which is the discussion and decision-making body for the connected transactions management, and is led by the Board which directly and comprehensively manages the relevant matters of the connected transactions.

The Company has implemented stringent measures to monitor the pricing standards for the continuing connected transactions of the Group. The department heads of the relevant business departments are responsible for the initial price determination of the proposed connected transactions of the Group. Such initial price determination will be reported to and approved by the finance department of the Company. Then, these prices will be reported to the legal department of the Company, which is responsible for collating from the various business departments such information regarding the proposed connected transactions of the Group, and ensuring that the terms of any such proposed connected transactions are in compliance with applicable laws, rules and regulations. After all these review processes, the legal representative or authorised representative of the Company will execute such connected transactions on behalf of the Company.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The capital operation department, finance department and legal department of the Company are responsible for monitoring each of the connected transactions of the Group to ensure that they are conducted in accordance with its terms, including the relevant pricing mechanism and the periodic reporting of the relevant transaction amounts.

The enterprise development department and the finance department of the Company will monitor the continuing connected transactions and summarise the transaction amounts incurred under each of the connected transaction framework agreements regularly on a monthly basis, and reports will be submitted to the Board for its quarterly review. In the event the actual transaction amount reaches 80% of the relevant annual cap, a re-assessment will be conducted. If it is determined after such re-assessment that the annual cap may be exceeded, the enterprise development department of the Company would initiate the procedures for a board meeting and/or shareholders' meeting (as and when required) to increase the annual cap as soon as practicable.

Further, the transactions under the Yangxin Hongsheng Sales Framework Agreement is subject to the reporting requirements and the independent non-executive Directors will review the transactions annually to assess whether such transactions are conducted in accordance with the terms (including the pricing mechanism) as set out in the Yangxin Hongsheng Sales Framework Agreement.

We concur with the view of the Directors that the internal control system of the Group is adequate to ensure that the transactions will be on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Reasons for and benefits of the adoption of the Revised Annual Caps

The amount of copper concentrate to be supplied by the Group to Yangxin Hongsheng and the transaction amount under the Yangxin Hongsheng Sales Framework Agreement are expected to increase, and the Board envisages that the Existing Annual Caps will not be sufficient to fulfil the additional previously unforeseen transactions that may take place under the Yangxin Hongsheng Sales Framework Agreement for the financial years ending 31 December 2023 and 2024.

For the purpose of supporting the operation of the New Copper Cathode Production Plant, Yangxin Hongsheng would purchase copper concentrate mainly from independent third parties of the Group, and from the Group from time to time, for such supply of raw materials. The purchases from independent third parties of the Group would in general be supported by letters of credit to be issued by banks. Due to the stricter review and approval requirements of banking institutions in the PRC, certain banks would require the New Copper Cathode Production Plant reaching its production capacity and standard as a condition precedent for the issuance of letters of credit to Yangxin Hongsheng. As the New Copper Cathode Production Plant would only reach its production capacity and standard in 2024 as currently expected, progress of the application and the issuance of certain letters of credit from the banks for Yangxin Hongsheng (for the purpose of its procurement of copper concentrate from third party suppliers) have in

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

turn been delayed. To facilitate and ensure the continued operation of the New Copper Cathode Production Plant, Yangxin Hongsheng expects to increase its purchase of copper concentrate from the Group as raw materials for the production under the New Copper Cathode Production Plant during the years ending 31 December 2023 and 2024 while pending the issuance of the letter of credit from the banks. The Group expects that Yangxin Hongsheng would be able to obtain the letters of credit for the purpose of its purchase of copper concentrate from independent third parties suppliers for the year ending 31 December 2025 upon the New Copper Cathode Production Plant reaching its production capacity and standard in 2024 as currently expected. The Group would meanwhile continue to purchase copper concentrate from independent third parties (with the letters of credit issued to the Group by the banks) to support the production of the Group, including for its supply to Yangxin Hongsheng as required. The Group is not required to provide guarantee(s) or pledge(s) to the banks for such issuance of the letters of credit.

Due to the aforementioned factors, the amount of copper concentrate to be supplied by the Group to Yangxin Hongsheng is expected to exceed the initial estimate for the years ending 31 December 2023 and 2024. The Board envisages that the Existing Annual Caps will not be sufficient to fulfil the additional unforeseen transactions that may take place under the Yangxin Hongsheng Sales Framework Agreement for the financial years ending 31 December 2023 and 2024 and therefore proposes to adopt the Revised Annual Caps.

The Board is of the view that the Revised Annual Caps will continue to allow the Group to serve as a reliable back-up source of supply of copper concentrate to Yangxin Hongsheng to facilitate the continued operation of the New Copper Cathode Production Plant, which will in turn increase the production capacity of copper cathode of the Group, maximize the utilization of the inventory of the Group to facilitate production and minimize the administrative costs and time costs involved for such sales considering its intra-group relationship with the Company.

We have obtained from the Company and reviewed the Group's relevant internal control manual. We note that when considering the terms of the relevant products, the Company shall primarily refer to the government-prescribed price. If such government-prescribed price is not available, the Group shall refer to the Market Price and/or quotes from other independent third parties.

We have also reviewed the Yangxin Hongsheng Sales Framework Agreement and note that the basis of determining the prices for the products are clearly stated thereunder, which is primarily made with reference to the relevant government-prescribed price, or the Market Price if there is no applicable government-prescribed price. In addition, we have obtained from the Company and reviewed samples of existing contracts for the relevant products. We note that the prices of the relevant products were primarily determined with reference to the Market Price, such as the market price as quoted on the London Bullion Market Association and the London Metal Exchange. We consider that the Company has complied with its internal control procedures and the contract prices under the samples are in line with the Company's pricing policy as described above.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

In view of the aforementioned factors, we are of the view that the pricing mechanism of the products under the Yangxin Hongsheng Sales Framework Agreement is fair and reasonable.

Further, we have interviewed with the Management and understand that the directors and senior management of the Company will monitor closely and review regularly the continuing connected transactions of the Company. The Company will adopt a series of risk management arrangements, and endeavour to maintain, in relation to the continuing connected transactions, the independence of the Company; the fairness of the price of the transactions; the fairness of the terms of the transactions; and the right of the Company to conduct transactions with independent third parties other than Yangxin Hongsheng. The relevant arrangements include: (i) the continuing connected transactions contemplated under the Yangxin Hongsheng Sales Framework Agreement are conducted on a non-exclusive basis; (ii) upon the signing of the Yangxin Hongsheng Sales Framework Agreement and its approval by the Independent Shareholders, the relevant business department of the Company will be responsible for the implementation of the Yangxin Hongsheng Sales Framework Agreement; and (iii) before the signing of each individual agreement, the finance department of the Company will evaluate the terms, including the fairness of the price, of the agreement as well as monitor the Company's existing continuing connected transactions, and review whether the Company's transactions are fair and reasonable in accordance with the terms of the Yangxin Hongsheng Sales Framework Agreement and internal control manual. As such, we are of the view that the Group has a sound risk management system to safeguard the interest of the Company.

In conclusion, we are of the view that the terms of the Yangxin Hongsheng Sales Framework Agreement is fair and reasonable.

Revised Annual Caps under the Yangxin Hongsheng Sales Framework Agreement

The table below sets out (i) the Existing Annual Caps; (ii) the historical amounts for the four months ended 30 April 2023; and (iii) the Revised Annual Caps for each of the two years ending 31 December 2024 under the Yangxin Hongsheng Sales Framework Agreement:

| | Historical amounts/annual caps for the period/year ending 31 December | |
|----------------------|--|------------------|
| | 2023 | 2024 |
| | <i>(RMB'000)</i> | <i>(RMB'000)</i> |
| Existing Annual Caps | 2,336,213 | 2,704,629 |
| Historical amounts | 1,669,130 ^(Note) | N/A |
| Revised Annual Caps | 7,203,324 | 7,905,839 |

Note: being the transaction amount under the Yangxin Hongsheng Sales Framework Agreement for the four months ended 30 April 2023.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

We understand that the Revised Annual Caps have been determined with reference to (i) the projected increase of future orders based on the expected amount of copper concentrates to be supplied to Yangxin Hongsheng; (ii) the historical transaction amount paid by Yangxin Hongsheng to the Group; (iii) existing purchase orders placed by other purchasers with the Group for copper concentrates; and (iv) the average historical market price and the anticipated future market price for copper concentrates.

In order to assess the fairness and reasonableness of the Revised Annual Caps, we have obtained from the Management and reviewed the relevant calculations of the Revised Annual Caps.

We understand from the Management that under stricter review and approval requirements of banking institutions in the PRC, the progress and amount of letters of credit to be issued from the banks to Yangxin Hongsheng is dependent on factors including but not limited to the production capacity and standard of the New Copper Cathode Production Plant. Given that currently the New Copper Cathode Production Plant (i) has only a short operation track record following commencement of its operation since October 2022; and (ii) has not yet reached its production capacity and standard, the progress and amount of letters of credit issued from the banks to Yangxin Hongsheng during the past few months have been delayed and less than expected. Nevertheless, the Group expects that Yangxin Hongsheng would be able to obtain the necessary letters of credit from the banks for the purpose of its purchase of copper concentrate from independent third parties suppliers for the year ending 31 December 2025 upon the New Copper Cathode Production Plant reaching its production capacity and standard in 2024 as currently expected.

The Revised Annual Caps in FY2023 and FY2024 are approximately RMB7,203 million and RMB7,906 million, respectively. We have interviewed with the Management and understand that the Revised Annual Caps were determined with reference to, among others:

- (i) the Revised Annual Caps in FY2023 is primarily made with reference to (a) the historical sales amount between the Company and Yangxin Hongsheng for the four months ended 30 April 2023 of approximately RMB1,669 million; (b) as at the Latest Practicable Date, the Group had entered into 18 trade agreements with Yangxin Hongsheng, in which 13 of them have been completed. The other 5 outstanding trade agreements amounted to an aggregate of approximately RMB800 million, and are expected to complete during the second quarter of 2023; and (c) it is estimated that there will be a total of 37 and 38 trade agreements to be entered into between the Group and Yangxin Hongsheng under the Yangxin Hongsheng Sales Framework Agreement for the two years ending 31 December 2023 and 2024 respectively;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (ii) the increase in the Revised Annual Caps in FY2024 as compared with FY2023 is mainly due to the gradual increase in level of operation of the New Copper Cathode Production Plant following commencement of its operation in October 2022; and
- (iii) the Company has entered into letter of intents with Yangxin Hongsheng which have explicitly set out the target sales volume of certain products under the Yangxin Hongsheng Sales Framework Agreement for each of the two years ending 31 December 2024. We have obtained from the Management and reviewed the letter of intents, and understood that both parties have reached consensus on the target sales volume as stated thereunder. There will be no consequence or penalty on the Company for not reaching the target volume.

Further, we have conducted analysis on the copper price and reviewed the “World Economic Outlook Database” published by the International Monetary Fund in April 2023 (www.imf.org). According to the database, it is noted that the copper price per ton has increased from US\$6,174 in 2020 to US\$8,828 in 2022, and forecasted to amount to US\$8,653 in 2023, US\$8,568 in 2024 and US\$8,553 in 2025. We note that the copper prices are expected to remain relatively higher for the upcoming few years as compared with the price in 2020, and it is in line with the unit price adopted by the Company to determine the Revised Annual Caps.

Taking into account the above factors as a whole, we are of the view that the Revised Annual Caps are fair and reasonable.

RECOMMENDATION

Having considered the principal factors and reasons above, we are of the view that the Yangxin Hongsheng Sales Framework Agreement (including the Revised Annual Caps) is (i) entered into in the ordinary and usual course of business of the Group; (ii) on normal commercial terms and is fair and reasonable so far as the Independent Shareholders are concerned; and (iii) 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 resolution(s) in relation to the adoption of the Revised Annual Caps to be proposed at the SGM.

Yours faithfully,
For and on behalf of
Amasse Capital Limited
Keith Chan
Associate Director

Mr. Keith Chan is a licensed person registered with the Securities and Future Commission of Hong Kong and regards as a responsible officer of Amasse Capital Limited to carry out type 6 (advising on corporate finance) regulated activity under the SFO and has over 7 years of experience in corporate finance industry.

In the case of inconsistency, the English text of this letter shall prevail over the Chinese text.

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 Company. 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 or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors confirmed that there was no material adverse change in the financial or trading positions of the Company since December 31, 2022, being the date to which the latest published audited financial statement of the Company have been made up.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the Latest Practicable Date, the interests and short positions of each of the Directors and chief executives of the Company in the Shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be recorded in the register maintained by the Company under Section 352 of the SFO, or required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO) and the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, were as follows:

| Name of Director | Capacity | Nature of Interest | Number of Shares <i>(Note 1)</i> | Percentage of issued Shares <i>(%) (Note 3)</i> |
|-------------------------|--------------------|---------------------------|--|---|
| Wang Qihong | Beneficial owner | Personal | 594,000(L) | 0.00 |
| | Interest of spouse | Personal | 1,000,000(L) <i>(Note 2)</i> | 0.01 |

Notes:

- The letter "L" denotes a long position in the Shares.
- Mr. Wang Qihong is deemed to be interested in 1,000,000 shares through the interests of his spouse, Ms. Geng Shuang, pursuant to Part XV of the SFO.
- The shareholding percentage was calculated based on 17,895,579,706 Shares as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares or the underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to Section 352 of the SFO; or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO and the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules.

As at the Latest Practicable Date, Mr. Long Zhong Sheng was a director of China Times and an employee of the Parent Company. Save as disclosed above, as at the Latest Practicable Date, so far as was known to the Directors, none of the Directors was a director or an employee of a company which had an interest or short position in the Company's shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at the Latest Practicable Date, so far as was known to the Directors and chief executive(s) of the Company, the interests or short positions of the Shareholders who are entitled to exercise or control 5% or more of the voting power at any general meeting or other persons (other than a Director or chief executive(s) of the Company) in the Shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required to be recorded in the register kept by the Company pursuant to Section 336 of the SFO or which have been notified to the Company and the Hong Kong Stock Exchange were as follows:

| Name of Shareholder | Nature of interest | Number of shares/underlying shares | Approximate percentage of shareholding (%) (Note 2) | Long position/short position |
|---|--------------------------------------|---|--|-------------------------------------|
| China Times Development Limited | Beneficial owner | 11,962,999,080 shares | 66.85 | Long position |
| Parent Company | Interest in a controlled corporation | 11,962,999,080 shares (Note 1) | 66.85 | Long position |
| CNMC | Interest in a controlled corporation | 11,962,999,080 shares (Note 1) | 66.85 | Long position |
| China Cinda Asset Management Co., Limited | Beneficial owner | 749,590,000 shares | 4.19 | Long position |

Notes:

1. These shares were held by China Times Development Limited, the entire issued capital of which were beneficially owned by the Parent Company. 57.99% of the equity interest in Parent Company were beneficially owned by CNMC.
2. The percentage of shareholding is calculated based on 17,895,579,706 issued shares of the Company as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, no other person (other than Directors or chief executive(s) of the Company) had any interests or short positions in any Shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or any interests or short positions recorded in the register kept by the Company pursuant to Section 336 of the SFO or any interests or short positions which have been notified to the Company and the Hong Kong Stock Exchange.

DIRECTORS' INTERESTS IN ASSETS OF THE GROUP

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

DIRECTORS' INTERESTS IN CONTRACTS OR ARRANGEMENT

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors was materially interested in any contracts or arrangements subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates was interested in any business which competes or is likely to compete, either directly or indirectly, with business of the Group, or had or might have any other conflicts of interest with the Group pursuant to Rule 8.10 of the Listing Rules.

EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions contained in and referred to in this circular:

| Name | Qualification |
|------------------------|--|
| Amasse Capital Limited | a licensed corporation permitted to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO |

As at the Latest Practicable Date, the Independent Financial Adviser did not have any shareholding in the Company or any of its subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the Independent Financial Adviser had given and had not withdrawn its written consent to the issue of this circular, with the inclusion herein of its letter of advice dated June 15, 2023 in connection with their advice to the Independent Board Committee and the Independent Shareholders, and references to its name and/or its advice in the form and context in which they appeared.

As at the Latest Practicable Date, the Independent Financial Adviser did not have any direct or indirect interests in any assets which had been acquired, disposed of by or leased to, or which were proposed to be acquired, disposed of by or leased to, any member of the Group since December 31, 2022, being the date to which the latest published audited consolidated financial statements of the Group were made up.

The letter and recommendations from the Independent Financial Adviser are set out on pages 15 to 23 of this circular and are given for incorporation in this circular.

DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or proposed to enter into a service contract with any member of the Group which will not expire or is not determinable within one year without payment of compensation (other than statutory compensation).

GENERAL

The Company's share registrar in Hong Kong is Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

The English text of this circular and the accompanying form of proxy shall prevail over the Chinese text in the case of any inconsistency.

DOCUMENTS ON DISPLAY

Copies of the following documents are on display and are published on the website of the Stock Exchange (www.hkexnews.com) and the website of the Company (www.hk661.com) for a period of 14 days from the date of this circular:

- (a) the Yangxin Hongsheng Sales Framework Agreement;
- (b) the letter from the Independent Board Committee, the text of which is set out on page 14 of this circular;
- (c) the letter from the Independent Financial Adviser, the text of which is set out on pages 15 to 23 of this circular;
- (d) the written consent of the Independent Financial Adviser referred to in the paragraph headed “Expert and Consent” in this appendix.

NOTICE OF SPECIAL GENERAL MEETING

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this notice, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this notice.



中國大冶有色金屬礦業有限公司

China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 661)

NOTICE IS HEREBY GIVEN that the special general meeting (the “SGM”) of China Daye Non-Ferrous Metals Mining Limited (the “**Company**”) will be held at Function Room 4 & 6, 3/F, The Mira Hong Kong, Mira Place, 118-130 Nathan Road, Tsim Sha Tsui, Kowloon, Hong Kong on Friday, June 30, 2023 at 2:30 p.m. (or at any adjournment thereof), the purpose of considering and, if thought fit, passing, with or without modifications, the following resolution. Unless otherwise defined, capitalised terms used in this notice shall have the same meanings as those defined in the circular of the Company dated June 15, 2023:

ORDINARY RESOLUTION

1. “**THAT:**

- (i) the revised annual caps for the Yangxin Hongsheng Sales Framework Agreement in the amounts of RMB7,203,325,000 and RMB7,905,839,000 for the years ending December 31, 2023 and 2024, respectively (the “**Revised Annual Caps**”), and the transactions contemplated thereunder be and are hereby approved; and
- (ii) any one Director be and is hereby authorised for and on behalf of the Company to execute all such other documents, instruments and agreements and to take all steps necessary and expedient to implement and/or give effect to the and implement the Revised Annual Caps for the Yangxin Hongsheng Sales Framework Agreement.”

By order of the Board

China Daye Non-Ferrous Metals Mining Limited

Xiao Shuxin

Chairman

Hong Kong, June 15, 2023

As at the date of this notice, the Board comprises four executive directors, namely Mr. Xiao Shuxin, Mr. Long Zhong Sheng, Mr. Chen Zhimiao and Mr. Zhang Guangming; and three independent non-executive directors, namely Mr. Wang Qihong, Ms. Liu Fang and Mr. Liu Jishun.

NOTICE OF SPECIAL GENERAL MEETING

Notes:

1. For more information relating to the abovementioned resolutions, please refer to announcement of the Company dated May 23, 2023 and the circular of the Company dated June 15, 2023.
2. The resolutions at the SGM will be taken by poll pursuant to the Listing Rules and the results of the poll will be published on the websites of the Stock Exchange and the Company in accordance with the Listing Rules.
3. The record date for determining Shareholders' right to attend and vote at the SGM is Tuesday, June 27, 2023. In order to qualify for attending and voting at the said meeting, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, for registration, no later than 4:30 p.m. on Monday, June 26, 2023.
4. Any member of the Company entitled to attend and vote at the SGM is entitled to appoint a proxy to attend and vote instead of him/her/it. A proxy need not be a member of the Company. A member who is the holder of two or more ordinary shares of the Company may appoint more than one proxy to represent him/her/it to attend and vote on his/her/its behalf. If more than one proxy is so appointed, the appointment shall specify the number and class of shares in respect of which each such proxy is so appointed.
5. In order to be valid, a form of proxy together with the power of attorney or other authority, if any, under which it is signed or a certified copy of that power or authority, must be deposited at the Company's Hong Kong branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the SGM or any adjournment thereof. Delivery of the form of proxy shall not preclude a member of the Company from attending and voting in person at the SGM and, in such event, the form of proxy shall be deemed to be revoked.