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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: 00661)

**CONTINUING CONNECTED TRANSACTIONS
HUANGSHI STATE-OWNED ASSETS MANAGEMENT SALES
FRAMEWORK AGREEMENT AND HUANGSHI STATE-OWNED ASSETS
MANAGEMENT PURCHASE FRAMEWORK AGREEMENT**

The Board is pleased to announce that, on 26 February 2024, the Company and Huangshi State-owned Assets Management entered into (i) the Huangshi State-owned Assets Management Sales Framework Agreement in relation to the supply of certain products by the Group to Huangshi State-owned Assets Management Group and (ii) Huangshi State-owned Assets Management Purchase Framework Agreement in relation to the supply of certain products by Huangshi State-owned Assets Management Group to the Group.

As at the date of this announcement, Huangshi State-owned Assets Management is directly interested in 12% of the equity interests in Yangxin Hongsheng. Accordingly, Huangshi State-owned Assets Management is a connected person of the Company at the subsidiary level. Accordingly, the transactions contemplated under the Huangshi State-owned Assets Management Sales Framework Agreement and Huangshi State-owned Assets Management Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) the highest applicable percentage ratio in respect of the transactions contemplated under the Huangshi State-owned Assets Management Sales Framework Agreement and Huangshi State-owned Assets Management Purchase Framework Agreement exceed 1% respectively; (ii) Huangshi State-owned Assets Management is a connected person of the Company at the subsidiary level; (iii) the Board has approved the transactions contemplated under the Huangshi State-owned Assets Management Sales Framework Agreement and Huangshi State-owned Assets Management Purchase Framework Agreement; and (iv) the independent non-executive Directors have confirmed that the terms of the transactions under the Huangshi State-owned Assets Management Sales Framework Agreement and Huangshi State-owned Assets Management Purchase Framework Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the transactions under the Huangshi State-owned Assets Management Sales Framework Agreement and Huangshi State-owned Assets Management Purchase Framework Agreement and their respective Proposed Annual Caps are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

INTRODUCTION

The Board is pleased to announce that, on 26 February 2024, the Company and Huangshi State-owned Assets Management entered into (i) the Huangshi State-owned Assets Management Sales Framework Agreement in relation to the supply of certain products by the Group to Huangshi State-owned Assets Management Group and (ii) Huangshi State-owned Assets Management Purchase Framework Agreement in relation to the supply of certain products by Huangshi State-owned Assets Management Group to the Group.

HUANGSHI STATE-OWNED ASSETS MANAGEMENT SALES FRAMEWORK AGREEMENT

The principal terms of the Huangshi State-owned Assets Management Sales Framework Agreement are as follows:

Date:	26 February 2024
Parties:	(1) the Company (2) Huangshi State-owned Assets Management
Nature of transactions:	The Group will supply certain products to Huangshi State-owned Assets Management Group, including gold, silver, copper cathodes, copper concentrates, natural gas, residual heat power generation, water, electricity, raw materials, auxiliary equipment, supporting materials, spare part materials, production equipment, tools, sulfuric acid, dump trucks, waste materials and such other products as agreed by the parties from time to time.
Term:	1 January 2024 to 31 December 2025.
Time and method of payment:	Based on market practice.
Pricing mechanism:	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.

As at the date of this announcement, prices for the supply of the relevant products will be determined by the parties on the following basis:

- Gold: With reference to the market price of gold as quoted on the Shanghai Gold Exchange.
- Silver: With reference to the market price of silver as quoted on (i) the Shanghai Gold Exchange; (ii) the Shanghai Huatong Silver Exchange; or, for silver for export, (iii) the London Bullion Market Association (adjusted with reference to the premium or discount quoted by Reuters) (as applicable).
- Copper cathodes: With reference to the market price of copper as quoted on (i) the Shanghai Futures Exchange (adjusted with reference to the premium or discount quoted on metal spot websites) or, for copper cathodes for export, (ii) the London Metal Exchange (adjusted with reference to the premium or discount quoted by Reuters).
- Copper concentrates: 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 as applicable), and the smelting and processing costs of the copper concentrate.
- Natural gas: With reference to the price of natural gas prescribed by the competent government price authority, currently with reference to the price of natural gas prescribed by Huangshi Price Bureau* (黃石市物價局). The selling price shall be adjusted accordingly in case of adjustment in the government guidance price.
- Residual heat power generation: With reference to the price guidance documents issued by the competent government authority, currently with reference to the price of electricity prescribed by Hubei Province Price Bureau (湖北省物價局). The selling price will be updated in case of adjustment in the government guidance price.
- Water: With reference to the price guidance documents issued by the competent government authority, currently with reference to the price of water prescribed by Huangshi Price Bureau* (黃石市物價局). The selling price will be updated in case of adjustment in the government guidance price.
- Electricity: With reference to the price guidance documents issued by the competent government authority, currently with reference to the price of electricity prescribed by Hubei Province Price Bureau (湖北省物價局).

Raw materials, auxiliary equipment, supporting materials, spare part materials, production equipment and tools:	With reference to the tender prices and market conditions.
Sulfuric acid:	With reference to market price of sulfuric acid chemical products quoted on the industry-related website, which is currently Baiinfo website, and the overall market condition.
Dump trucks:	With reference to the value of the vehicle in the vehicle valuation report, which is determined according to the relevant laws and measures issued by the government authorities and with reference to the service life, and newness of the equipment of the vehicle.
Waste materials:	With reference to the market price determined through price inquiries and the market price of copper futures contract as quoted on the Shanghai Futures Exchange.

PROPOSED ANNUAL CAPS

The historical transaction amount of the Company with Huangshi State-owned Assets Management Group in this respect in the year ended 31 December 2023 is RMB1,022,367,544.

The table below sets out the Proposed Annual Caps for the Huangshi State-owned Assets Management Sales Framework Agreement:

Year ending 31 December 2024 Proposed annual cap (RMB'000)	Year ending 31 December 2025 Proposed annual cap (RMB'000)
4,026,060	4,852,518

The above Proposed Annual Caps have been determined with reference to the: (i) existing purchase orders placed by Huangshi State-owned Assets Management Group; (ii) projected future orders based on the expected increase in the products to be sold to Huangshi State-owned Asset Management Group as a result of the expected growth in the business of the Huangshi State-owned Assets Management Group; and (iii) the average historical market price and the anticipated future market price for the relevant products.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors consider that the entering into of the Huangshi State-owned Assets Management Sales Framework Agreement will allow the Group to 1. broaden the sales channels, and 2. shorten the sales cycle, reduce sales costs, and improve the efficiency of sales fund collection of local sales.

The Directors (including the independent non-executive Directors) are of the view that the Huangshi State-owned Assets Management Sales Framework Agreement have been entered into on normal commercial terms, in the ordinary and usual course of business of the Group, and together with the Proposed Annual Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 Huangshi State-owned Assets Management Sales Framework Agreement and the transactions contemplated thereunder.

HUANGSHI STATE-OWNED ASSETS MANAGEMENT PURCHASE FRAMEWORK AGREEMENT

The principal terms of the Huangshi State-owned Assets Management Purchase Framework Agreement are as follows:

Date:	26 February 2024
Parties:	(1) the Company (2) Huangshi State-owned Assets Management
Nature of transactions:	Huangshi State-owned Assets Management Group will supply certain products to the Group, including import copper concentrate, domestic copper concentrate, anode plates, blister copper and such other products as agreed by the parties from time to time.
Term:	1 January 2024 to 31 December 2025.
Time and method of payment:	Based on market practice.
Pricing mechanism:	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.

As at the date of this announcement, prices for the supply of the relevant products will be determined by the parties on the following basis:

- Import copper concentrate: 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 as applicable), and taking into account relevant production costs and the smelting and processing costs of the copper concentrate.
- Domestic copper concentrate: With reference to (as applicable): (i) the daily weighted average price or instant trading price of copper as quoted on the Shanghai Futures Exchange for the current month or the following month, and taking into account relevant production costs; (ii) the market price of gold as quoted on the Shanghai Gold Exchange; or (iii) the market price of silver as quoted on the Shanghai Huatong Silver Exchange, and taking into account the corresponding grades of gold or silver respectively.
- Anode plates: With reference to (as applicable): (i) the daily weighted average price or instant trading price of copper as quoted on the Shanghai Futures Exchange for the current month or the following month, taking into account relevant processing costs of anode plates of the purchaser as agreed under contract for the same period; (ii) the market price of gold as quoted on the Shanghai Gold Exchange; or (iii) the market price of silver as quoted on the Shanghai Huatong Silver Exchange, and taking into account the corresponding grades of gold or silver respectively.
- Blister copper: With reference to (as applicable): (i) the daily weighted average price or instant trading price of copper as quoted on the Shanghai Futures Exchange for the current month or the following month, taking into account relevant processing costs of blister copper of the purchaser as agreed under contract for the same period; (ii) the market price of silver as quoted on the Shanghai Huatong Silver Exchange; or (iii) the market price of gold as quoted on the Shanghai Gold Exchange, and taking into account the relevant smelting and processing costs.

PROPOSED ANNUAL CAPS

The historical transaction amount of the Company with Huangshi State-owned Assets Management Group in this respect in the year ended 31 December 2023 is RMB0.

The table below sets out the Proposed Annual Caps for the Huangshi State-owned Assets Management Purchase Framework Agreement:

Year ending 31 December 2024 Proposed annual cap (RMB'000)	Year ending 31 December 2025 Proposed annual cap (RMB'000)
5,908,225	7,020,042

The above Proposed Annual Caps have been determined with reference to the: (i) existing purchase orders placed by the Group; (ii) projected future orders based on the expected increase in the products to be sold to the Group as a result of the expected growth in the business of the Group; and (iii) the average historical market price and the anticipated future market price for the relevant products.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Directors consider that the entering into of the Huangshi State-owned Assets Management Purchase Framework Agreement will allow the Group to expand procurement channels and ensure market supply, in particular considering (among others) the tight supply of raw materials for copper production in the market. By purchasing imported minerals from domestic companies, the procurement cycle can be reduced, procurement efficiency can be improved, and settlement in RMB can be used to avoid exchange rate risks.

The Directors (including the independent non-executive Directors) are of the view that the Huangshi State-owned Assets Management Purchase Framework Agreement has been entered into on normal commercial terms, in the ordinary and usual course of business of the Group, and together with the Proposed Annual Caps, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

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 Huangshi State-owned Assets Management Purchase Framework Agreement and the transactions contemplated thereunder.

INFORMATION ON THE PARTIES

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 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 Construction Group Co., Ltd.* (中國十五冶金建設集團有限公司), (a wholly-owned subsidiary of CNMC) as to 24%, Huangshi Xingang Development as to 12% and Huangshi State-owned Assets Management as to 12%, respectively.

Huangshi State-owned Assets Management

Huangshi State-owned Assets Management is a limited liability company incorporated in the PRC and principally engaged in the operation and management of state-owned assets and provision of related services for their equity transactions, financing and investments. Huangshi State-owned Assets Management is indirectly owned by State-owned Assets Supervision and Administration Commission of Huangshi Municipal People's Government as to approximately 94.78%.

On 27 November 2023, Huangshi Xingang Development has transferred 4% of equity interests of Yangxin Hongsheng to Huangshi State-owned Assets Management. Equity interests of Yangxin Hongsheng owned by Huangshi State-owned Assets Management raised from 8% to 12% and Huangshi State-owned Assets Management became the Company's connected person at subsidiary level since then.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, Huangshi State-owned Assets Management is directly interested in 12% of the equity interests in Yangxin Hongsheng. Accordingly, Huangshi State-owned Assets Management is a connected person of the Company at the subsidiary level. Accordingly, the transactions contemplated under the Huangshi State-owned Assets Management Sales Framework Agreement and Huangshi State-owned Assets Management Purchase Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As (i) the highest applicable percentage ratio in respect of the transactions contemplated under the Huangshi State-owned Assets Management Sales Framework Agreement and Huangshi State-owned Assets Management Purchase Framework Agreement exceed 1% respectively; (ii) Huangshi State-owned Assets Management is a connected person of the Company at the subsidiary level; (iii) the Board has approved the transactions contemplated under the Huangshi State-owned Assets Management Sales Framework Agreement and Huangshi State-owned Assets Management Purchase Framework Agreement; and (iv) the independent non-executive Directors have confirmed that the terms of the transactions under the Huangshi State-owned Assets Management Sales Framework Agreement and Huangshi State-owned Assets Management Purchase Framework Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the transactions under the Huangshi State-owned Assets Management Sales Framework Agreement and Huangshi State-owned Assets Management Purchase Framework Agreement and their respective Proposed Annual Caps are subject to the reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules but are exempt from the circular, independent financial advice and independent shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

From 27 November 2023 to the date of this announcement, the historical sales transaction amount by the Group to Huangshi State-owned Assets Management Group was approximately RMB194,590,000. As Huangshi State-owned Assets Management is a connected person at the subsidiary level of the Company, the transaction is exempted from the requirements of circulars, independent financial opinions and shareholders' approval in accordance with Rule 14A.101 of the Listing Rules. However, if the maximum applicable percentage ratio exceeds 1% respectively, the Company must make an announcement in accordance with Rule 14A.76 of the Listing Rules.

The transactions during the period from 27 November 2023 to the date of this announcement were carried out in the ordinary and usual course of business of the Group, but no written agreement has been entered into in relation to the transactions. The failure of entering into a written agreement regarding the transaction and the failure of timely disclosure of the transaction constitute a breach of Rules 14A.34 and 14A.35 of the Listing Rules. The failure of entering into a written agreement and the failure of timely disclosure were due to the unintentional negligence of the Company's management.

MEASURES ADOPTED BY THE COMPANY ON FUTURE COMPLIANCE WITH THE LISTING RULES

The failure to make timely disclosure as mentioned above was due to the inadvertent oversight of the management of the Company. As such, the Company shall implement measures to strengthen its internal control procedure to ensure timely compliance with the relevant requirements of the Listing Rules. To prevent recurrence of similar event, the Directors, management, staffs of commerce department and accounting department of the Company will closely monitor and review the continuing connected transactions of the Company from time to time. The Company will strengthen the reporting and documentation system of the Group.

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. 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 summarize 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 that 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 Huangshi State-owned Assets Management Sales Framework Agreement and Huangshi State-owned Assets Management Purchase Framework Agreement are subject to the reporting requirements and the annual review by the independent non-executive Directors and the auditors of the Company to ensure that the transactions are conducted in accordance with their terms as set out in the Huangshi State-owned Assets Management Sales Framework Agreement and Huangshi State-owned Assets Management Purchase Framework Agreement.

The Board is of the view that the above internal control measures can ensure that the continuing connected transactions of the Group under the Huangshi State-owned Assets Management Sales Framework Agreement and Huangshi State-owned Assets Management Purchase Framework Agreement are conducted on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following expressions have the following meanings:

“Board”	the board of Directors of the Company
“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
“continuing connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“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)”	director(s) of the Company
“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 State-owned Assets Management Group”	Huangshi State-owned Assets Management and its subsidiaries
“Huangshi State-owned Assets Management Purchase Framework Agreement”	the purchase framework agreement dated 26 February 2024 entered into between the Company and Huangshi State-owned Assets Management, the details of which are set out in this announcement
“Huangshi State-owned Assets Management Sales Framework Agreement”	the sales framework agreement dated 26 February 2024 entered into between the Company and Huangshi State-owned Assets Management, the details of which are set out in this announcement
“Huangshi Xingang Development”	Huangshi Xingang Development Co., Ltd.* (黃石新港開發有限公司), a limited liability company established in the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Market Price”	means such price(s) that: (1) the contracting party (as the supplier of products) provides such products to independent third parties for the same or similar products; (2) independent third parties provides such products to other independent third parties for the same or similar products; or (3) as determined by industry standards or practice for the same or similar products
“percentage ratio(s)”	has the meaning ascribed to it under Chapter 14 of the Listing Rules
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administration of the People’s Republic of China and Taiwan

“Proposed Annual Caps”	the proposed annual caps for each of the two years ending 31 December 2025
“RMB”	Renminbi, the lawful currency of the PRC
“Share(s)”	the 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
“%”	per cent

By order of the Board
China Daye Non-Ferrous Metals Mining Limited
Xiao Shuxin
Chairman

Hong Kong, 26 February 2024

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

* *For identification purpose only*