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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) MAJOR TRANSACTION AND  
CONTINUING CONNECTED TRANSACTIONS  
(2) CLARIFICATION IN  
RELATION TO ANNUAL REPORTS**

**MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS**

Reference is made to (i) the announcements of the Company dated 22 November 2019, 23 December 2019 and 11 November 2022 and (ii) the circular of the Company dated 24 December 2019 in relation to, amongst other things, the Existing Continuing Connected Transactions in respect of agreements for the provision of goods and/or services between certain members of the Parent Group or CNMC Group and the Group which are due to expire on 31 December 2022. In order to renew the Existing Continuing Connected Transactions and to regulate the continuing business relationships between the Group, the Parent Group and the CNMC Group, the Company entered into the Connected Transaction Agreements with respect to the renewal of the Existing Continuing Connected Transactions and the New Continuing 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. CNMC Financial Company is a non-wholly owned subsidiary of CNMC. Therefore, each of China Times, the Parent Company and CNMC is a connected person of the Company. Huangshi Xingang is indirectly owned by the Parent Company as to more than 30% and is therefore associate of the Parent Company and connected person of the Company. Hubei Gold is owned by the Parent Company as to approximately 40.20%, and two other independent third parties as to approximately 59.80%. As Hubei Gold is owned by the Parent Company as to more than 30%, it is therefore an associate of the Parent Company and 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. Huangshi Xingang Development is a substantial shareholder of Yangxin Hongsheng, and thus a connected person of the Company. Therefore, the transactions contemplated under each of the framework agreements set out in this announcement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Regarding each of the Exempt Continuing Connected Transactions, as the highest applicable percentage ratio in respect of their Proposed Annual Caps exceeds 0.1% but is less than 5%, the Exempt Continuing Connected Transactions are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Regarding each of the Non-Exempt Continuing Connected Transactions, as the highest applicable percentage ratio in respect of their Proposed Annual Caps exceeds 5%, the Non-Exempt Continuing Connected Transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Regarding the deposit services to be provided under the CNMC Financial Services Framework Agreement, as the highest applicable percentage ratio in respect of the Proposed Annual Caps exceeds 25%, the provision of such services will constitute (i) a continuing connected transaction that is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) a major transaction that is subject to the reporting, announcement, annual review and shareholders' approval requirements under Chapter 14 of the Listing Rules.

Regarding the loans, guarantees and integrated credit facilities services to be provided under the CNMC Financial Services Framework Agreement, such services will be provided by the CNMC Group for the benefit of the Company on normal commercial terms similar to those for comparable services in the PRC and no security over the assets of the Group will be granted. Therefore, the provision of such services will constitute a continuing connected transaction that is exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

The Parent Company, CNMC and their respective associates will abstain from voting on the resolutions approving the Non-Exempt Continuing Connected Transactions, the transactions contemplated thereunder and the Proposed Annual Caps at the SGM.

A circular containing, among others, (i) further details of the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps; (ii) the letter of advice from the independent financial adviser; (iii) the letter of recommendation from the independent board committee; (iv) the notice of the SGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 13 December 2022 in accordance with the Listing Rules.

## **CLARIFICATION IN RELATION TO ANNUAL REPORTS**

Reference is made to the 2020 Annual Report and the 2021 Annual Report. The Company wishes to clarify that the aggregate transaction amount incurred for financial services provided by CNMC Group in accordance with the Existing CNMC Financial Services Framework Agreement for the years ended 31 December 2020 and 31 December 2021 was RMB313,028,000 and RMB2,479,759,000, respectively.

Each of the annual caps for the year ended 31 December 2020 and the year ended 31 December 2021 in relation to financial services provided by CNMC Group to the Group pursuant to the Existing CNMC Financial Services Framework Agreement has not been exceeded as at 31 December 2020 and 31 December 2021, respectively. To prevent reoccurrence of the abovementioned errors, the Company has strengthened the implementation of its internal control system including, among others, the improvement of the content of the reconciliation letter for connected transactions, review of the data collection and reporting documents for connected transactions and the strengthening of the coordination and reporting arrangements among various departments of the Company.

### **A. MAJOR TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS**

Reference is made to (i) the announcements of the Company dated 22 November 2019, 23 December 2019 and 11 November 2022 and (ii) the circular of the Company dated 24 December 2019 in relation to, amongst other things, the Existing Continuing Connected Transactions in respect of agreements for the provision of goods and/or services between certain members of the Parent Group or CNMC Group and the Group which are due to expire on 31 December 2022. In order to renew the Existing Continuing Connected Transactions and to regulate the continuing business relationships between the Group, the Parent Group and the CNMC Group, the Company entered into the Connected Transaction Agreements with respect to the renewal of the Existing Continuing Connected Transactions and the New Continuing Connected Transactions.

Set out below is a summary of the Connected Transaction Agreements, the transactions contemplated thereunder, the Proposed Annual Caps and the basis for determining the Proposed Annual Caps:

## 1. Parent Group Sales Framework Agreement

Date: 22 November 2022

Parties: (1) the Company  
(2) the Parent Company

Nature of transactions: The Group will supply certain products to the Parent Group, 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, scrap steel, scrap stainless steel, scrap copper cathodes mold, spare part materials, platinum, spongy palladium, crude selenium, tellurium ingot 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 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 (i) the Shanghai Gold Exchange; or, for gold for export, (ii) the London Bullion Market Association (adjusted with reference to the premium or discount quoted by Reuters) (as applicable).

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 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 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). The selling price will be updated in case of adjustment in the government guidance price.
Raw materials, auxiliary equipment, supporting materials, spare part materials, production equipment and tools:	<p>With reference to the tender prices and the overall market condition.</p> <p>The Group will conduct competitive tender, prepare tender document and publish the tender document on the Group's purchase tender e-commerce platform (<a href="http://ecp.cnmc.com.cn">http://ecp.cnmc.com.cn</a>). The Group will invite at least three qualified buyers (including the Parent Group and two independent third party buyers) to participate in the relevant tenders. Selection of the final buyer(s) will be made based on price offered according to the tender document. Such offer price will be the final settlement price.</p>
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 truck:	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.

Scrap steel, scrap stainless steel, scrap copper cathodes mold, spare part materials:

With reference to the tender prices and the overall market condition.

The Group will conduct tenders by invitation, inviting at least three qualified buyers (including the Parent Group and two independent third party buyers) to participate in the relevant tenders. Selection of the final buyer(s) will be made primarily based on price offered, but consideration will also be given to the historical cooperation relationship with the buyers and the capability of timely settlement of the buyers.

When actual transactions are proposed to be conducted during the relevant financial year:

- (i) in respect of the supply of scrap steel and scrap stainless steel by the Group, the settlement prices for scrap steel and scrap stainless steel will be the tender price, and adjusted (if required) with reference to the market price of scrap steel or scrap stainless steel quoted on the industry related websites, which is currently YD Steel (<http://www.ydsteel.com>) and CN Gold (<https://jiage.cngold.org>) respectively, on the day immediately prior to the actual date of transaction.
- (ii) in respect of the supply of scrap copper cathodes mold by the Group, the price will be the tender price, and adjusted (if required) with reference to the relevant processing costs incurred by the Group and the market price of scrap steel, being the prices charged by independent third party suppliers supplying scrap steel in their ordinary course of business in the same or nearby area.
- (iii) in respect of the supply of spare part materials, the price will be the tender price, and adjusted (if required) with reference to the relevant market price, being the prices charged by independent third party suppliers providing similar type of products in their ordinary course of business in the same or nearby area.

Platinum, spongy palladium, crude selenium and tellurium ingot:

With reference to the tender prices and the overall market condition.

The Group will conduct competitive tender, prepare tender document and publish the tender document on the Group's purchase tender e-commerce platform (<http://ecp.cnmc.com.cn>). The Group will invite at least three qualified buyers (including the Parent Group and two independent third party buyers) to participate in the relevant tenders. Selection of the final buyer(s) will be made based on price offered according to the tender document. Such offer price will be the final settlement price.



### ***Historical figures, existing annual caps and Proposed Annual Caps***

The table below sets out the historical figures, existing annual caps and Proposed Annual Caps for the Parent Group Sales Framework Agreement:

Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022		Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025
Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (up to 31 October 2022) (unaudited) (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)
<u>7,207,373</u>	<u>2,898,121</u>	<u>10,802,160</u>	<u>5,002,428</u>	<u>14,383,651</u>	<u>5,853,870</u>	<u>14,849,212</u>	<u>22,793,246</u>	<u>23,515,155</u>

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

### ***Reasons for the transaction***

The Directors consider that the Parent Group Sales Framework Agreement will broaden the revenue base of the Group and allow it to leverage on the sales network of the Parent Group in the PRC and Hong Kong.

In respect of the supply of copper concentrate, while the Group has in the past, and will continue to, procure copper concentrate from the Parent Group in addition to its own production of such for its business operations (as detailed in the paragraph headed “6. Parent Group Purchase and Production Services Framework Agreement” of this section), the entering into of the Parent Group Sales Framework Agreement allows the Group to serve as a reliable back-up source of supply of copper concentrates to the Parent Group, catering for any unforeseen surge of demands or other contingencies on the part of the Parent Group. The Group had purchased certain copper concentrates from the Parent Group during the three years from 2020 to 2022 in order to meet its production demand, under the relevant existing framework agreements.



Given the long-term business relationship of the Parent Group and the Group and the close geographical proximity of their respective operations, the administrative costs and time costs involved for such sales could be minimized. In addition, as the New Copper Cathode Production Plant has been put into heat on-load trial run since October 2022 and is expected to reach production capacity and standard in 2024, it is expected that the Group will be supplying copper concentrates to Yangxin Hongsheng (which is a connected person of the Company) for its production of copper cathodes (as detailed in the paragraph headed “2. Yangxin Hongsheng Sales Framework Agreement” of this section). It is expected that the quantity of copper concentrate to be supplied by the Group under the Parent Group Sales Framework Agreement will only form a small portion of the production of copper concentrate by the Group.

***Listing Rules implications***

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

**2. Yangxin Hongsheng Sales Framework Agreement**

Date: 22 November 2022

Parties: (1) the Company  
(2) Yangxin Hongsheng

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 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; or, for copper cathodes for export, (ii) the London Metal Exchange, adjusted with reference to the premium or discount quoted by Reuters (as applicable).

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), and taking into account the smelting and processing costs of the copper concentrate.

Natural gas: With reference to the selling price of natural gas issued by the competent government price authority, currently with reference to the price of natural gas prescribed by Huangshi Price Bureau\* (黄石市物價局). 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 shall be adjusted accordingly 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 shall be adjusted accordingly in case of adjustment in the government guidance price.
Electricity:	With reference to the price guidance documents issued by the competent government authority, the price of electricity prescribed by Hubei Province Price Bureau (湖北省物價局). The selling price shall be adjusted accordingly in case of adjustment in the government guidance price.
Raw materials, auxiliary equipment, supporting materials, spare part materials, production equipment, tools:	With reference to the tender prices and the overall market condition.  The Group will conduct competitive tender, prepare tender document and publish the tender document on the Group's purchase tender e-commerce platform ( <a href="http://ecp.cnmc.com.cn">http://ecp.cnmc.com.cn</a> ). The Group will invite at least three qualified buyers (including the Parent Group and two independent third party buyers) to participate in the relevant tenders. Selection of the final buyer(s) will be made based on price offered according to the tender document. Such offer price will be the final settlement price.
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 truck:	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 the 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 quoted on the Shanghai Futures Exchange.

### ***Proposed Annual Caps***

The table below sets out the Proposed Annual Caps for the Yangxin Hongsheng Sales Framework Agreement:

<b>Year ending 31 December 2023 Proposed annual cap (RMB'000)</b>	<b>Year ending 31 December 2024 Proposed annual cap (RMB'000)</b>	<b>Year ending 31 December 2025 Proposed annual cap (RMB'000)</b>
2,336,214	2,704,630	3,110,003

The above Proposed Annual Caps have been determined with reference to the: (i) existing purchase orders placed by other purchasers with the Group for the relevant products; (ii) projected future orders based on the expected amount of products to be sold to Yangxin Hongsheng for the three years ending 31 December 2025; and (iii) average historical market price and the anticipated future market price for the relevant products.

As the New Copper Cathode Production Plant was put into heat on-load trial run in October 2022 and is expected to reach its production capacity and standard in 2024, it is expected that there would be an increasing volume of future orders from Yangxin Hongsheng, leading to the increase in the Proposed Annual Caps for the three years ending 31 December 2025.

### ***Reasons for the transaction***

The Directors consider that the Yangxin Hongsheng Sales Framework Agreement will be important to the business operations of Yangxin Hongsheng, including the operation of the New Copper Cathode Production Plant. The New Copper Cathode Production Plant has been put into heat on-load trial run since October 2022, and is expected to reach its production capacity and standard in 2024. The commencement of operation of the New Copper Cathode Production Plant will increase the production capacity of copper cathode of the Group. Further, the Yangxin Hongsheng Sales Framework Agreement allows the Group to serve as a reliable back-up source of supply of copper concentrate to Yangxin Hongsheng, 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.

### ***Listing Rules implications***

As the highest applicable percentage ratio in respect of the Proposed 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.

### 3. Parent Group Services Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) the Parent Company
Nature of transactions:	The Group will provide certain services to the Parent Group, including engineering design and surveying, environment monitoring, equipment inspection and examination, research and development, architectural/ore-dressing design, maneuvering wire improvement, technical development services, blueprinting, technical consulting and such other services 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 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, service fees for the provision of the relevant services will be determined on the following basis:	
Engineering design and surveying:	With reference to the relevant prices prescribed by the State Development Planning Commission* (中華人民共和國國家計劃委員會) (currently known as the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)) and the Ministry of Construction* (中華人民共和國建設部) (currently known as the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)) of the PRC.
Environment monitoring:	With reference to the relevant prices prescribed by the Hubei Province Price Bureau (湖北省物價局) and the Hubei Provincial Department of Finance* (湖北省財政廳).

Equipment inspection and examination:	With reference to the relevant prices prescribed by the Huangshi Price Bureau* (黃石市物價局).
Research and development:	With reference to the cost of material consumption, equipment depreciation, testing laboratory fees, labour costs and management fees plus an agreed premium profit.
Architectural/ore-dressing design:	With reference to the relevant prices prescribed by the State Development Planning Commission* (中華人民共和國國家計劃委員會) (currently known as the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)) and the Ministry of Construction* (中華人民共和國建設部) (currently known as the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)) of the PRC.
Maneuvering wire improvement:	With reference to the relevant prices prescribed by the State Development Planning Commission* (中華人民共和國國家計劃委員會) (currently known as the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)) and the Ministry of Construction* (中華人民共和國建設部) (currently known as the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)) of the PRC.
Technical development services:	With reference to the cost of material consumption, equipment depreciation, testing laboratory fees, labour costs and management fees plus an agreed premium profit.
Blueprinting:	With reference to results of market auction, and prices are determined by the number of sheets and paper sizes produced for printing and copying.
Technical consulting:	With reference to the relevant prices prescribed by the State Development Planning Commission* (中華人民共和國國家計劃委員會) (currently known as the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)) of the PRC.

### ***Historical figures, existing annual caps and Proposed Annual Caps***

The table below sets out the historical figures, existing annual caps and Proposed Annual Caps for the Parent Group Services Framework Agreement:

Year ended 31 December 2020	Year ended 31 December 2021	Year ending 31 December 2022	Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025			
		Actual amount (up to 31 October 2022) (unaudited) (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)			
Annual cap (RMB'000)	Annual cap (RMB'000)	Annual cap (RMB'000)	Annual cap (RMB'000)	Annual cap (RMB'000)	Annual cap (RMB'000)			
Actual amount (audited) (RMB'000)	Actual amount (audited) (RMB'000)							
32,414	1,295	32,790	2	17,004	1,980	4,430	4,117	4,145

The above Proposed Annual Caps have been determined with reference to the: (i) historical service fees received by the Group; (ii) expected increase in the services to be provided to the Parent Group as a result of the expected growth in their business; and (iii) expected increase in the services fees to be received by the Group in the next three years ending 2025.

### ***Reasons for the transaction***

The Directors consider that the entering into of the Parent Group Services Framework Agreement will broaden the revenue base of the Group. Given the close proximity of the respective operations of the Group and the Parent Group, the Parent Group Services Framework Agreement will also enable convenient and cost-efficient sharing of the various services between the Group and the Parent Group.

### ***Listing Rules implications***

As the highest applicable percentage ratio in respect of the Proposed Annual Caps is expected to be more than 0.1% but less than 5%, the Parent Group Services Framework Agreement is subject to the reporting, announcement and annual review requirements, but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.



#### 4. Huangshi Xingang Purchase and Production Services Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) Huangshi Xingang
Nature of transactions:	Huangshi Xingang will:  (1) supply certain products to the Group, including scrap copper, blister copper, silver, anode plates, industrial cutting gas, liquefied gas, natural gas, copper concentrate, diesel fuel, equipment, wollastonite, gold concentrate, gold, waste circuit board and such other products as agreed by the parties from time to time; and  (2) provide certain production services to the Group, including repair service, maintenance work, construction engineering, engineering labour, safe production costs, design and construction, technology research and development, processing of anode plates/anode scrap, processing of anode copper scrap, gas delivery management and maintenance, transportation, train loading and unloading, copper warehouse crane maintenance and repair, logistics maintenance services and such other production services 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 mechanism:	Based on: (i) the government prescribed price; (ii) if there is no applicable government prescribed price, the Market Price determined by the Company by way of a comprehensive evaluation method taking into account comparable quotes from at least two independent third parties obtained via public tender or price inquiry, or the price as negotiated by the parties if the relevant procurement does not require public tender or price inquiry procedure 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 and services will be determined by the parties on the following basis:

- Scrap copper: With reference to the market procurement price of scrap copper in regions such as Miluo, Hunan, Taizhou, Zhejiang and Nanhai, Guangdong as quoted on relevant copper industry web portals such as Lingtong Info website (<http://www.lingtong.info/index.asp>).
- Blister copper: With reference to (as applicable): (i) the market price of copper as quoted on the Shanghai Futures Exchange or the London Metal Exchange; (ii) the market price of silver as quoted on the Shanghai Huatong Silver Exchange or by the London Bullion Market Association; or (iii) the market price of gold as quoted on the Shanghai Gold Exchange or by the London Bullion Market Association, and taking into account the relevant smelting and processing costs.
- Silver: With reference to the market price of silver as quoted on (i) the Shanghai Gold Exchange; (ii) the London Gold Exchange; or the fixing price and the settlement price of specific silver on the silver spot market (as applicable).
- Anode plates: With reference to (as applicable): (i) the market price of copper as quoted on the Shanghai Futures Exchange or the London Metal Exchange; (ii) the market price of silver as quoted on the Shanghai Huatong Silver Exchange or by the London Bullion Market Association; or (iii) the market price of gold as quoted on the Shanghai Gold Exchange or by the London Bullion Market Association, and taking into account relevant smelting and processing costs.
- Industrial cutting gas, liquefied gas: With reference to the Market Price.
- Natural gas: With reference to the price of natural gas prescribed by Huangshi Price Bureau\* (黃石市物價局).

Copper concentrate:	With reference to (as applicable): (i) the market price of gold as quoted on the Shanghai Gold Exchange or by the London Bullion Market Association (adjusted with reference to the premium or discount quoted by Reuters and taking into account relevant smelting and processing costs); (ii) the market price of silver as quoted on the Shanghai Huatong Silver Exchange or by the London Bullion Market Association (adjusted with reference to the premium or discount quoted by Reuters and taking into account relevant smelting and processing costs); or (iii) the market price of copper as quoted on the Shanghai Futures Exchange or the London Metal Exchange (adjusted with reference to the premium or discount quoted by Reuters as applicable and taking into account relevant smelting and processing costs).
Diesel fuel:	With reference to the retail listing price of diesel fuel quoted by Sinopec gas station at Huangshi, Hubei.
Equipment:	With reference to the tender prices and the overall market condition.  The Group will conduct tenders by invitation, inviting at least three qualified suppliers (including the Parent Group and two independent third party suppliers) to participate in the relevant tenders. Selection will be made primarily based on price offered, but consideration will also be given to the quality of products, effectiveness of communication and historical cooperation relationship with the suppliers. When actual transactions are proposed to be conducted, the price for the products will be the tender price, and adjusted (if required) with reference to the relevant market price, being the prices charged by independent third party suppliers providing similar type of products in their ordinary course of business in the same or nearby area.
Wollastonite:	With reference to annual tender prices and the overall market condition.
Gold concentrate:	With reference to the market price of gold as quoted on the Shanghai Gold Exchange.
Gold:	With reference to the market price of gold as quoted on the London Bullion Market Association or the fixing price and the settlement price of a specific gold on the gold spot market.

Waste circuit boards:	With reference to the market purchase price, being the price charged by independent third party suppliers providing similar types of products in their ordinary course of business in the same or nearby area, and adjusted (if required) with reference to the waste circuit boards price index quoted on the industry related website, which is currently Ezaisheng.com, the historical purchase price of the Company and the copper prices as quoted on the Shanghai Futures Exchange.
Repair service:	With reference to the number of labour required to complete the repair service and relevant expenses including wages.
Maintenance work:	With reference to the relevant prices prescribed by the state, provincial and municipal construction administrative departments.
Construction engineering, safe production costs, design and construction:	With reference to the relevant prices prescribed by the administrative department of construction in Hubei Province.
Engineering labour services:	With reference to the relevant prices prescribed by Department of Housing and Urban-Rural Development of Hubei Province (湖北省住房和城鄉建設廳) and with reference to the prevailing market price, being the price charged by independent third party suppliers providing similar type of services in their ordinary course of business in the same or nearby service area.
Technology research and development:	With reference to the cost of material consumption, equipment depreciation, testing laboratory fees, labour costs and management fees.
Processing of anode plates/anode scrap, anode copper scrap:	With reference to the market price for manufacturing consignment of anode plate/anode scrap.
Gas delivery management and maintenance:	With reference to the operating cost of provision of the service.
Transportation:	Tender-based pricing, price inquiry and price comparison.

The Group will (i) carry out a centralized tender annually; and (ii) for transportation services beyond the scope of the abovementioned annual tender, carry out price inquiry and comparison. For the annual tender and the price inquiry and comparison to be conducted by the Group from time to time, the Group will invite and/or seek to solicit at least three service providers (including the Parent Group and two independent third party service providers) to participate in the tenders and/or provide price quotations if there are other appropriate service providers in the same or nearby service area available. Selection will be made primarily based on price offered, but consideration will also be given to the service levels, effectiveness of communication and historical cooperation relationship with the service providers.

Train loading and unloading, copper warehouse crane maintenance and repair, logistics maintenance services:

Negotiated pricing based on market prices or by price inquiry and price comparison (including tender), depending on the actual situation.

For train loading and unloading service, the Group will seek to solicit quotations from at least three qualified suppliers (including the Parent Group and two independent service providers) for train loading and unloading services if there are other appropriate service providers in the same or nearby service area available. Selection will be made primarily based on price offered, but consideration will also be given to the service levels, effectiveness of communication and historical cooperation relationship with the suppliers.

### ***Historical figures, existing annual caps and Proposed Annual Caps***

The table below sets out the historical figures, existing annual caps and Proposed Annual Caps for the Huangshi Xingang Purchase and Production Services Framework Agreement:

Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022		Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025
Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (up to 31 October 2022) (unaudited) (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)
10,500	0	21,000	0	30,000	0	27,000	27,000	27,000

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

### ***Reasons for the transaction***

The Directors consider that the Huangshi Xingang Purchase and Production Services Framework Agreement will allow the Group to secure a cost effective, timely and stable source of supply of those products and production services, and also to benefit from the procurement network of Huangshi Xingang.

### ***Listing Rules implications***

As the highest applicable percentage ratio in respect of the Proposed Annual Caps is expected to be more than 0.1% but less than 5%, the Huangshi Xingang Purchase and Production Services Framework Agreement is subject to the reporting, announcement and annual review requirements, but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **5. Yangxin Hongsheng Services Framework Agreement**

Date: 22 November 2022

Parties: (1) the Company  
(2) Yangxin Hongsheng

Nature of transactions: The Group will provide certain services to Yangxin Hongsheng, including engineering design and surveying, environment monitoring, equipment, electrical and oil products inspection and examination, research and development, architectural/ore-dressing design, maneuvering wire improvement, technical development services, blueprinting, technical consulting, mineral product examination and such other services 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 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 services will be determined by the parties on the following basis:

Engineering design and surveying:	With reference to the relevant prices prescribed by the State Development Planning Commission* (中華人民共和國國家計劃委員會) (currently known as the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)) and the Ministry of Construction* (中華人民共和國建設部) (currently known as the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)) of the PRC.
Environment monitoring:	With reference to the relevant prices prescribed by the Hubei Province Price Bureau (湖北省物價局) and the Hubei Provincial Department of Finance* (湖北省財政廳).
Equipment, electrical and oil products inspection and examination:	With reference to the relevant prices prescribed by the Huangshi Price Bureau* (黃石市物價局) and Hubei Province Price Bureau (湖北省物價局).
Research and development:	With reference to the cost of material consumption, equipment depreciation, testing laboratory fees, labour costs and management fees plus an agreed premium profit.
Architectural/ Ore-dressing design:	With reference to the relevant prices prescribed by the State Development Planning Commission* (中華人民共和國國家計劃委員會) (currently known as the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)) and the Ministry of Construction* (中華人民共和國建設部) (currently known as the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)) of the PRC.
Maneuvering wire improvement:	With reference to the relevant prices prescribed by the State Development Planning Commission* (中華人民共和國國家計劃委員會) (currently known as the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)) and the Ministry of Construction* (中華人民共和國建設部) (currently known as the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)) of the PRC.



Technology development:	With reference to the cost of material consumption, equipment depreciation, testing laboratory fees, labour costs and management fees plus an agreed premium profit.
Blueprinting:	With reference to results of market auction, and prices are determined by the number of sheets and paper sizes produced for printing and copying.
Technical consulting:	With reference to the relevant prices prescribed by the State Development Planning Commission* (中華人民共和國國家計劃委員會) (currently known as the National Development and Reform Commission (中華人民共和國國家發展和改革委員會)).
Mineral product examination:	With reference to the market conditions.

### ***Proposed Annual Caps***

The table below sets out the Proposed Annual Caps for the Yangxin Hongsheng Services Framework Agreement:

<b>Year ending 31 December 2023 Proposed annual cap (RMB'000)</b>	<b>Year ending 31 December 2024 Proposed annual cap (RMB'000)</b>	<b>Year ending 31 December 2025 Proposed annual cap (RMB'000)</b>
16,400	16,400	16,400

The above Proposed Annual Caps have been determined with reference to the: (i) historical service fees received by the Group from other purchasers for similar services provided; (ii) expected volume of services to be provided to Yangxin Hongsheng; and (iii) expected amount of services fees to be received by the Group in the next three years ending 2025.

### ***Reasons for the transaction***

The business scope of Yangxin Hongsheng primarily includes, among others, the sale of nonferrous alloys and bullion products, and the sale and manufacturing of metal materials and chemicals. The Directors consider that the Yangxin Hongsheng Services Framework Agreement will be important to the business operations of Yangxin Hongsheng. The commencement of operation of the New Copper Cathode Production Plant will increase the production capacity of copper cathode of the Group. Further, the Yangxin Hongsheng Services Framework Agreement will enable convenient and cost-efficient sharing of the various services between the Group and Yangxin Hongsheng.

### ***Listing Rules implications***

As the highest applicable percentage ratio in respect of the Proposed Annual Caps is expected to be more than 0.1% but less than 5%, the Yangxin Hongsheng Services Framework Agreement is subject to the reporting, announcement and annual review requirements, but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **6. Parent Group Purchase and Production Services Framework Agreement**

Date: 22 November 2022

Parties: (1) the Company  
(2) the Parent Company

Nature of transactions: The Parent Group will:

- (1) supply certain products to the Group, including scrap copper, blister copper, silver, anode plates, industrial cutting gas, liquefied gas, natural gas, copper concentrate, diesel fuel, equipment, wollastonite, gold concentrate, gold and such other products as agreed by the parties from time to time; and
- (2) provide certain production services to the Group, including repair service, maintenance work, construction engineering, engineering labour, safe production costs, design and construction, technology research and development, processing of anode plates/anode scrap, processing of anode copper scrap, gas delivery management and maintenance, transportation, train loading and unloading, copper warehouse crane maintenance and repair, logistics maintenance services and such other production services 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 mechanism: Based on: (i) the government prescribed price; (ii) if there is no applicable government prescribed price, the Market Price determined by the Company by way of a comprehensive evaluation method taking into account comparable quotes from at least two independent third parties obtained via public tender or price inquiry, or the price as negotiated by the parties if the relevant procurement does not require public tender or price inquiry procedure 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 and services will be determined by the parties on the following basis:

Scrap copper: With reference to the market procurement price of scrap copper in regions such as Miluo, Hunan, Taizhou, Zhejiang and Nanhai, Guangdong as quoted on relevant copper industry web portals such as Lingtong Info website (<http://www.lingtong.info/index.asp>).

Blister copper: With reference to (as applicable): (i) the market price of copper as quoted on the Shanghai Futures Exchange or the London Metal Exchange; (ii) the market price of silver as quoted on the Shanghai Huatong Silver Exchange or by the London Bullion Market Association; or (iii) the market price of gold as quoted on the Shanghai Gold Exchange or by the London Bullion Market Association, and taking into account the relevant smelting and processing costs.

Silver: With reference to the market price of silver as quoted on (i) the Shanghai Gold Exchange; (ii) the London Gold Exchange; or the fixing price and the settlement price of specific silver on the silver spot market (as applicable).

Anode plates: With reference to (as applicable): (i) the market price of copper as quoted on the Shanghai Futures Exchange or the London Metal Exchange; (ii) the market price of silver as quoted on the Shanghai Huatong Silver Exchange or by the London Bullion Market Association; or (iii) the market price of gold as quoted on the Shanghai Gold Exchange or by the London Bullion Market Association, and taking into account relevant smelting and processing costs.

Industrial cutting gas, liquefied gas:	With reference to the Market Price.
Natural gas:	With reference to the selling price of natural gas issued 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).
Copper concentrate:	With reference to (as applicable): (i) the market price of gold as quoted on the Shanghai Gold Exchange or by the London Bullion Market Association (adjusted with reference to the premium or discount quoted by Reuters and taking into account relevant smelting and processing costs); (ii) the market price of silver as quoted on the Shanghai Huatong Silver Exchange or by the London Bullion Market Association (adjusted with reference to the premium or discount quoted by Reuters and taking into account relevant smelting and processing costs); or (iii) the market price of copper as quoted on the Shanghai Futures Exchange or the London Metal Exchange (adjusted with reference to the premium or discount quoted by Reuters and taking into account relevant smelting and processing costs).
Diesel fuel:	With reference to the retail listing price of diesel fuel quoted by Sinopec gas station at Huangshi, Hubei.
Equipment:	With reference to the tender prices and the overall market condition.  The Group will conduct tenders by invitation, inviting at least three qualified suppliers (including the Parent Group and two independent third party suppliers) to participate in the relevant tenders. Selection will be made primarily based on price offered, but consideration will also be given to the quality of products, effectiveness of communication and historical cooperation relationship with the suppliers. When actual transactions are proposed to be conducted, the price for the products will be the tender price, and adjusted (if required) with reference to the relevant market price, being the prices charged by independent third party suppliers providing similar type of products in their ordinary course of business in the same or nearby area.
Wollastonite:	With reference to annual tender prices and the overall market condition.
Gold concentrate:	With reference to the market price of gold as quoted on the Shanghai Gold Exchange.

Gold:	With reference to the market price of gold as quoted on the London Bullion Market Association or the fixing price and the settlement price of a specific gold on the gold spot market.
Repair service:	Based on the repair workload of each business unit, a lump-sum will be charged for repair services. The total repair service fee is determined with reference to the number of labour required to complete the repair service and relevant expenses including wages.
Maintenance work:	With reference to tender in accordance with the laws and regulations promulgated by the state, provincial and municipal construction administrative departments and in accordance with the relevant laws.
Construction engineering, safe production costs, design and construction:	With reference to the relevant prices prescribed by the administrative department of construction in Hubei Province.
Engineering labour services:	With reference to the relevant prices prescribed by Department of Development of Hubei Province* (湖北省建設廳) and with reference to the prevailing market price, being the price charged by independent third party suppliers providing similar type of services in their ordinary course of business in the same or nearby service area.
Technology research and development:	With reference to the cost of material consumption, equipment depreciation, testing laboratory fees, labour costs and management fees.
Processing of anode plates/anode scrap, anode copper scrap:	With reference to the market price for manufacturing consignment of anode plate/anode scrap.
Gas delivery management and maintenance:	With reference to the operating cost of provision of the service.

Transportation:	<p>Tender-based pricing, price inquiry and price comparison.</p> <p>The Group will (i) carry out a centralized tender annually; and (ii) for transportation services beyond the scope of the abovementioned annual tender, carry out price inquiry and comparison. For the annual tender and the price inquiry and comparison to be conducted by the Group from time to time, the Group will invite and/or seek to solicit at least three service providers (including the Parent Group and two independent third party service providers) to participate in the tenders and/or provide price quotations if there are other appropriate service providers in the same or nearby service area available. Selection will be made primarily based on price offered, but consideration will also be given to the service levels, effectiveness of communication and historical cooperation relationship with the service providers.</p>
Train loading and unloading:	<p>Negotiated pricing based on market prices or by price inquiry and price comparison (including tender), depending on the actual situation.</p> <p>The Group will seek to solicit quotations from at least three service providers (including the Parent Group and two independent service providers) for loading and unloading services (assuming other suitable service providers can be identified in the same or adjacent service areas). Selection will be made primarily on the basis of the price offered, but will also take into account the level of service, effectiveness of communication and historical cooperation relationship with suppliers.</p>
Copper warehouse crane maintenance and repair, logistics maintenance services:	<p>Negotiated pricing based on market prices.</p>

### ***Historical figures, existing annual caps and Proposed Annual Caps***

The table below sets out the historical figures, existing annual caps and Proposed Annual Caps for the Parent Group Purchase and Production Services Framework Agreement:

Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022		Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025
Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (up to 31 October 2022) (unaudited) (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)
2,176,535	393,998	2,567,932	164,012	3,121,564	688,790	3,009,009	3,520,887	4,116,336

The above Proposed Annual Caps have been determined with reference to the: (i) historical purchase orders placed by the Group; (ii) projected future orders based on the expected increase in the products and services required as a result of the expected growth in the business of the Group, including, among others, the commencement of operation of the New Copper Cathode Production Plant which would increase the demand for raw materials and the requisite production services; and (iii) average historical market price and the anticipated future market price for the relevant products and services.

### ***Reasons for the transaction***

The products and production services to be provided under the Parent Group Purchase and Production Services Framework Agreement will be important to the operations of the Group. Given the long-term business relationship of the Parent Group and the Group and the close geographical proximity of their respective operations, the Directors consider that the entering into of the Parent Group Purchase and Production Services Framework Agreement will allow the Group to secure a cost effective, timely and stable source of supply of those products and production services, and also to benefit from the procurement network of the Parent Company.

### ***Listing Rules implications***

As the highest applicable percentage ratio in respect of the Proposed Annual Caps exceeds 5%, the Parent Group Purchase and Production Services Framework Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.



## 7. Hubei Gold Purchase Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) Hubei Gold
Nature of transactions:	Hubei Gold will supply certain products to the Group, including copper concentrate 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 mechanism:	Based on (i) the Market Price determined by the Company by way of a comprehensive evaluation method taking into account comparable quotes from at least two independent third parties obtained via public tender or price inquiry, or the price as negotiated by the parties if the relevant procurement does not require public tender or price inquiry procedure or (ii) 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 copper concentrate will be determined by the parties on the following basis:

Copper concentrate:	With reference to (as applicable): (i) the market price of copper as quoted on the Shanghai Futures Exchange; (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 relevant production costs.
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### ***Historical figures, existing annual caps and Proposed Annual Caps***

The table below sets out the historical figures, existing annual caps and Proposed Annual Caps for the Hubei Gold Purchase Framework Agreement:

Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022		Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025
Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (up to 31 October 2022) (unaudited) (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)
69,029	7,443	77,755	48,128	91,893	40,080	44,900	48,043	47,865

The above Proposed Annual Caps have been determined with reference to the: (i) historical purchase orders placed by the Group with Hubei Gold for the relevant products; (ii) projected future orders based on the expected increase in the products and services required 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 the transaction***

The Directors consider that the Hubei Gold Purchase Framework Agreement will (i) allow the Group to leverage on the competitive advantages of Hubei Gold to obtain many of the products which the Group requires for its production and operations; and (ii) assist the Group in ensuring a cost-effective, timely and stable source of supply of products and materials required for its operations.

### ***Listing Rules implications***

As the highest applicable percentage ratio in respect of the Proposed Annual Caps is expected to be more than 0.1% but less than 5%, the Hubei Gold Purchase Framework Agreement is subject to the reporting, announcement and annual review requirements, but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## 8. CNMC Group Purchase and Production Services Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company (2) CNMC
Nature of transactions:	The CNMC Group will:  (1) supply certain products to the Group, including blister copper, copper concentrate, raw materials, auxiliary equipment, supporting materials, components, production equipment, tools and such other products as agreed by the parties from time to time; and  (2) provide certain production services to the Group, including maintenance, supervision, construction, mine exploration and such other production services 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 mechanism:	Based on: (i) the government prescribed price; (ii) if there is no applicable government prescribed price, the Market Price determined by the Company by way of a comprehensive evaluation method taking into account comparable quotes from at least two independent third parties obtained via public tender or price inquiry, or the price as negotiated by the parties if the relevant procurement does not require public tender or price inquiry procedure 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 and services will be determined by the parties on the following basis:

- Blister copper: With reference to (as applicable): (i) the market price of copper as quoted on the Shanghai Futures Exchange or the London Metal Exchange; (ii) the market price of silver as quoted on the Shanghai Huatong Silver Exchange or by the London Bullion Market Association; or (iii) the market price of gold as quoted on the Shanghai Gold Exchange or by the London Bullion Market Association, and taking into account relevant smelting, processing and production costs.
- Copper concentrate: With reference to (as applicable): (i) the market price of copper as quoted on the Shanghai Futures Exchange, or the London Metal Exchange (adjusted with reference to the premium or discount quoted by Reuters as applicable); (ii) the market price of silver as quoted on the Shanghai Huatong Silver Exchange, the Chicago Mercantile Exchange (adjusted with reference to the premium or discount quoted by Reuters) or the London Bullion Market Association; and (iii) the market price of gold as quoted on the Shanghai Gold Exchange, the Chicago Mercantile Exchange (adjusted with reference to the premium or discount quoted by Reuters) or the London Bullion Market Association, taking into account relevant smelting and processing costs.
- Raw materials, auxiliary equipment, supporting materials, components, production equipment and tools: With reference to the tender prices and the overall market condition.  
The Group will conduct tenders by invitation, inviting at least three qualified suppliers (including the CNMC Group and two independent third party suppliers) to participate in the relevant tenders. Selection will be made primarily based on price offered, but consideration will also be given to the quality of products, effectiveness of communication and historical cooperation relationship with the suppliers. When actual transactions are proposed to be conducted, the price of the products will be the tender price, and adjusted (if required) with reference to the relevant market price, being the prices charged by independent third party suppliers providing similar type of products in their ordinary course of business in the same or nearby area.
- Maintenance work: With reference to the relevant prices prescribed by the Department of Housing and Urban-Rural Development of Hubei Province (湖北省住房和城鄉建設廳) and the actual tender prices.

Supervision: With reference to (i) the results of public tender in accordance with market principles and the laws and regulations promulgated by the state, provincial and municipal construction administrative departments; (ii) the relevant prices prescribed by the Department of Housing and Urban-Rural Development of the National Development and Reform Commission (國家發展和改革委員會住房城鄉建設部) and Hubei Construction Supervision Association (湖北省建設監理協會); and (iii) other applicable PRC laws and regulations.

Construction: With reference to the relevant prices prescribed by the administrative department of construction in Hubei Province.

Mine exploration: With reference to the relevant budget standards prescribed by the China Geological Survey (中國地質調查局).

### ***Historical figures, existing annual caps and Proposed Annual Caps***

The table below sets out the historical figures, existing annual caps and Proposed Annual Caps for the CNMC Group Purchase and Production Services Framework Agreement:

Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022		Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025
Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (up to 31 October 2022) (unaudited) (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)
<u>4,629,255</u>	<u>919,065</u>	<u>3,780,591</u>	<u>2,405,745</u>	<u>4,140,206</u>	<u>2,919,280</u>	<u>6,355,823</u>	<u>6,663,945</u>	<u>7,462,154</u>

The above Proposed Annual Caps have been determined with reference to the: (i) historical purchase orders placed by the Group; (ii) projected future orders based on the expected increase in the products and services required 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 and services.

The increase in the Proposed Annual Caps for the CNMC Group Purchase and Production Services Framework Agreement as compared with the existing annual caps is primarily due to the expected increase in demand for raw materials such as blister copper and copper concentrate from the Group as a result of the New Copper Cathode Production Plant, which has been put into heat on-load trial run since October 2022 and is expected to reach production capacity and standard in 2024.

### ***Reasons for the transaction***

The Directors consider that the entering into of the CNMC Group Purchase and Production Services Framework Agreement will (i) allow the Group to leverage on the vast resources of the CNMC Group to obtain many of the products and production services which the Group requires for its increasing production capacity and operations; (ii) assist the Group in ensuring a cost-effective, timely and stable source of supply of products, materials and production services required for its operations; and (iii) allow the Company to further diversify its business risks through purchases of blister copper imported from a mine in Zambia, Africa, which offers an alternative, abundant and stable supply, as opposed to the supply in the PRC which is generally insufficient to adequately and promptly satisfy market demand.

### ***Listing Rules implications***

As the highest applicable percentage ratio in respect of the Proposed Annual Caps exceeds 5%, the CNMC Group Purchase and Production Services Framework Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **9. Yangxin Hongsheng Purchase Framework Agreement**

Date:	22 November 2022
Parties:	(1) the Company (2) Yangxin Hongsheng
Nature of transactions:	Yangxin Hongsheng will supply certain products to the Group, including copper concentrate, anode scrap, anode mud 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 mechanism: Based on (i) the Market Price determined by the Company by way of a comprehensive evaluation method taking into account comparable quotes from at least two independent third parties obtained via public tender or price inquiry, or the price as negotiated by the parties if the relevant procurement does not require public tender or price inquiry procedure or (ii) 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 copper concentrate will be determined by the parties on the following basis:

Copper concentrate: With reference to (as applicable): (i) the market price of copper as quoted on the London Metal Exchange; (ii) the market price of silver as quoted on the London Bullion Market Association; or (iii) the market price of gold as quoted on the London Bullion Market Association, adjusted with reference to the premium or discount quoted by Reuters, taking into account relevant smelting and processing costs.

Anode scrap: With reference to 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.

Anode mud: With reference to (as applicable): (i) the market price of copper as quoted on the Shanghai Futures Exchange; (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 corresponding grades of copper, silver or gold respectively.



### ***Proposed Annual Caps***

The table below sets out the Proposed Annual Caps for the Yangxin Hongsheng Purchase Framework Agreement:

<b>Year ending 31 December 2023 Proposed annual cap (RMB'000)</b>	<b>Year ending 31 December 2024 Proposed annual cap (RMB'000)</b>	<b>Year ending 31 December 2025 Proposed annual cap (RMB'000)</b>
6,361,261	5,648,630	6,054,003

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

### ***Reasons for the transaction***

The Directors consider that the Yangxin Hongsheng Purchase Framework Agreement will (i) allow the Group to negotiate more favourable terms with Yangxin Hongsheng with better and more efficient communication as an intra-group supplier, as compared with other suppliers, to obtain the copper concentrate, anode scrap and anode mud which the Group requires for its production and operations; and (ii) assist the Group in ensuring a cost-effective, timely and stable source of supply of copper concentrate, anode scrap and anode mud required for its operations considering the intra-group relationship and the close geographical proximity of their respective operations.

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. Due to the differences in the requirements of 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, imported copper concentrates with lower purity which are not suitable for Yangxin Hongsheng’s production may be accepted by the Company to be used in its production. On the other hand, as mentioned under the paragraph headed “2. Yangxin Hongsheng Sales Framework Agreement”, the Company can also serve as a back-up source of supply of copper concentrates to 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 party with higher level of inventory may sell the copper concentrates to the other party to facilitate production, maximizing the efficiency of production and utilization of inventory of both the Company and Yangxin Hongsheng.

### ***Listing Rules implications***

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

## 10. Parent Group Combined Ancillary Services Framework Agreement

Date:	22 November 2022
Parties:	(1) the Company  (2) the Parent Company
Nature of transactions:	The Parent Group will provide certain services to the Group, including advertising, steel cylinder repair, gas delivery management, waste disposal, green conservation, vehicle rental, property management, bathhouse, food and beverage and accommodation, logistics service, mineral water, seedling, telecommunication and repair, water, electricity, telephone charges, property repair, training and staff training, materials and such other services 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 mechanism:	Based on: (i) the government-prescribed price; or (ii) if there is no applicable government-prescribed price, the Market Price determined by the Company by way of a comprehensive evaluation method taking into account comparable quotes from at least two independent third parties obtained via public tender or price inquiry, or the price as negotiated by the parties if the relevant procurement does not require public tender or price inquiry procedure, 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 provision of the relevant services will be determined by the parties on the following basis:

Advertising:	With reference to the relevant prices of municipal-level media.
Steel cylinder repair, gas delivery management, waste disposal, green conservation, vehicle rental, property management, bathhouse, food and beverage and accommodation and logistics service:	With reference to the operating cost of provision of the service(s). In this regard, the prices for the provision of the relevant services will be determined with reference to the existing operating cost of the relevant services incurred by the suppliers currently engaged by the Group (including but not limited to the Parent Group) and the fees charged by other independent third party suppliers for the provision of similar service(s) in the same or nearby service area.
Mineral water and seedling:	For mineral water, with reference to the procurement cost, transportation and handling cost and the overall market condition.  For seedling, with reference to the landscaping project consumption rate estimate norm and unified basic pricing schedule issued by the government, and the landscaping expenses to be spent by related parties, and currently with reference to the norm and pricing schedule issued by Hubei provincial government. The price shall be adjusted accordingly in case of adjustment in the government guidance price.
Telecommunication and repair:	With reference to the relevant prices prescribed by Hubei Communications Administration (湖北省通信管理局).
Water:	With reference to the price guidance documents issued by the competent government authority, and currently with reference to the price of water prescribed by Huangshi Price Bureau* (黃石市物價局). The price of water supply shall be adjusted accordingly in case of adjustment in the government pricing.
Electricity:	With reference to the price guidance documents issued by the competent government authority, and currently with reference to the price of electricity prescribed by Hubei Province Price Bureau (湖北省物價局) and internal documents. The selling price of electricity shall be adjusted accordingly in case of adjustment in the government pricing.
Telephone charges:	With reference to the relevant prices prescribed by Hubei Communications Administration (湖北省通信管理局).
Property repair:	With reference to the building and installation project rate estimate norm, currently with reference to the relevant prices prescribed by Department of Development of Hubei Province* (湖北省建設廳). The price shall be adjusted accordingly in case of adjustment in the government guidance price.

Training and staff training:

With reference to the relevant standards prescribed under the internal document of the Parent Company regarding employee training fees management, which are determined based on the remuneration of the instructors and examination supervisors, costs on preparation of training materials and examination questions, and other relevant costs incurred in providing the training.

The abovementioned internal document of the Parent Company stipulates, amongst other things, the standard hourly rates of the trainers (which range from approximately RMB30 per hour to RMB500 per hour according to their relevant experience) and their remuneration on preparation of training materials and examination questions (which ranges from RMB10 to RMB60 per a thousand words and RMB100 per subject).

Materials:

For self-produced materials, with reference to the product costs, transportation cost, loading/unloading cost and the overall market condition.

For outsourcing materials, with reference to the purchase price, transportation cost, loading/unloading cost and the overall market condition.

### ***Historical figures, existing annual caps and Proposed Annual Caps***

The table below sets out the historical figures, existing annual caps and Proposed Annual Caps for the Parent Group Combined Ancillary Services Framework Agreement:

Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022		Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025
Actual amount (audited) (RMB'000)		Actual amount (audited) (RMB'000)		Actual amount (up to 31 October 2022) (unaudited) (RMB'000)		Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)
379,020	331,713	385,323	306,130	391,613	310,070	357,799	430,072	400,607

The above Proposed Annual Caps have been determined with reference to: (i) the historical amounts paid by the Group to the Parent Group for similar ancillary services; (ii) the projected future orders based on the expected increase in the services to be provided during the three years ending 31 December 2025; and (iii) the average historical market price for the relevant services and the anticipated future market price for the relevant products and services.

### ***Reasons for the transaction***

The Group currently does not have the capability of providing the ancillary services set out in the Parent Group Combined Ancillary Services Framework Agreement. The Parent Group Combined Ancillary Services Framework Agreement will allow the Group to obtain the use of a wide range of support services that it or its employees will require on a day-to-day basis. The provision of such services to the Group will allow the Group to concentrate its resources on its core production operations.

### ***Listing Rules implications***

As the highest applicable percentage ratio in respect of the Proposed Annual Caps exceeds 5%, the Parent Group Combined Ancillary Services Framework Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

## **11. Huangshi Xingang Development Combined Ancillary Services Framework Agreement**

Date:	22 November 2022
Parties:	(1) Yangxin Hongsheng (2) Huangshi Xingang Development
Nature of transactions:	Huangshi Xingang Development Group will provide certain services to Yangxin Hongsheng, including advertising, steel cylinder repair, gas delivery management, waste disposal, green conservation, vehicle rental, property management, bathhouse, food and beverage and accommodation, logistics service, mineral water, seedling, telecommunication and repair, water, electricity, telephone charges, property repair, training and staff training, materials and such other services 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 mechanism: Based on: (i) the government-prescribed price; or (ii) if there is no applicable government-prescribed price, the Market Price determined by the Company by way of a comprehensive evaluation method taking into account comparable quotes from at least two independent third parties obtained via public tender or price inquiry, or the price as negotiated by the parties if the relevant procurement does not require public tender or price inquiry procedure, 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 provision of the relevant services will be determined by the parties on the following basis:

Advertising: With reference to the relevant prices of municipal-level media.

Steel cylinder repair, gas delivery management, waste disposal, green conservation, vehicle rental, property management, bathhouse, food and beverage and accommodation and logistics service: With reference to the operating cost of provision of the service(s). In this regard, the prices for the provision of the relevant services will be determined with reference to the existing operating cost of the relevant services incurred by the suppliers currently engaged by the Group (including but not limited to the Parent Group) and the fees charged by other independent third party suppliers for the provision of similar service(s) in the same or nearby service area.

Mineral water and seedling: For mineral water, with reference to the procurement cost, transportation and handling cost and the overall market condition. For seedling, with reference to the landscaping project consumption rate estimate norm and unified basic pricing schedule issued by the government and the landscaping expenses to be spent by related parties.

Telecommunication and repair: With reference to the relevant prices prescribed by Hubei Communications Administration (湖北省通信管理局).

Water: With reference to the price of water prescribed by Huangshi Price Bureau\* (黄石市物價局).

Electricity: With reference to the price of electricity prescribed by Hubei Province Price Bureau (湖北省物價局) and internal document.

Telephone charges:	With reference to the relevant prices prescribed by Hubei Communications Administration (湖北省通信管理局).
Property repair:	With reference to the relevant prices prescribed by Department of Development of Hubei Province* (湖北省建設廳).
Training and staff training:	With reference to the relevant standards prescribed under the internal document of the Parent Company regarding employee training fees management, which are determined based on the remuneration of the instructors and examination supervisors, costs on preparation of training materials and examination questions, and other relevant costs incurred in providing the training.  The abovementioned internal document of the Parent Company stipulates, amongst other things, the standard hourly rates of the trainers (which range from approximately RMB30 per hour to RMB500 per hour according to their relevant experience) and their remuneration on preparation of training materials and examination questions (which ranges from RMB10 to RMB60 per a thousand words and RMB100 per subject).
Materials:	For self-produced materials, with reference to the product costs, transportation cost, loading/unloading cost and the overall market condition.  For outsourcing materials, with reference to the purchase price, transportation cost, loading/unloading cost and the overall market condition.

### ***Proposed Annual Caps***

The table below sets out the Proposed Annual Caps for the Huangshi Xingang Development Combined Ancillary Services Framework Agreement:

<b>Year ending 31 December 2023 Proposed annual cap (RMB'000)</b>	<b>Year ending 31 December 2024 Proposed annual cap (RMB'000)</b>	<b>Year ending 31 December 2025 Proposed annual cap (RMB'000)</b>
25,640	26,848	26,848

The above Proposed Annual Caps have been determined with reference to: (i) the historical amounts paid by Yangxin Hongsheng to other suppliers for similar ancillary services; (ii) the projected future orders based on the expected increase in the services to be provided during the three years ending 31 December 2025; and (iii) the average historical market price for the relevant services and the anticipated future market price for the relevant products and services.



### ***Reasons for the transaction***

Yangxin Hongsheng currently does not have the capability of providing the ancillary services set out in the Huangshi Xingang Development Combined Ancillary Services Framework Agreement. The Huangshi Xingang Development Combined Ancillary Services Framework Agreement will allow Yangxin Hongsheng to obtain the use of a wide range of support services that it or its employees will require on a day-to-day basis and allow Yangxin Hongsheng to concentrate its resources on its core production operations.

### ***Listing Rules implications***

As the highest applicable percentage ratio in respect of the Proposed Annual Caps is expected to be more than 0.1% but less than 5%, the Huangshi Xingang Development Combined Ancillary Services Framework Agreement is subject to the reporting, announcement and annual review requirements, but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **12. Land Lease Framework Agreement**

As disclosed in the circular of the Company dated 29 December 2011 (as supplemented and amended by the supplemental circular dated 17 February 2012) and the announcements of the Company dated 8 October 2013 and 3 November 2016 in relation to continuing connected transactions, the Parent Company and the Company previously entered into the Land Lease Framework Agreement. The Company has complied with the relevant requirements under Chapter 14A of the Listing Rules in respect of the annual caps for each of the eight years ending 31 December 2022. As the term of the Land Lease Framework Agreement lasts until 31 December 2039, the Company has renewed the annual caps for another three years ending on 31 December 2025.

Set out below is a summary of the Land Lease Framework Agreement, the transactions contemplated thereunder, the Proposed Annual Caps and the basis for determining the Proposed Annual Caps:

Date:	23 December 2011
Parties:	(1) the Company (2) the Parent Company
Nature of transactions:	The Parent Group will lease certain parcels of land to the Group.
Term:	From the date on which the Land Lease Framework Agreement takes effect in accordance with its terms until 31 December 2039.

Rent, fees and other payables: Rent will be the annual depreciation amount of the relevant parcel of land, which will be calculated as the total amount paid by the owner of the land to the relevant government authorities for acquiring the relevant land use right, divided by the estimated useful life of such land. The lessee will also bear all the taxes and duties payable for the lease, which will be calculated by reference to the rent payable. Both the rent and the aggregate taxes and duties payable by the lessee for each parcel of land will be the same for each year during the term of the lease. The above pricing mechanism is adopted since the parcels of land to be leased by members of the Group from the Parent Group are located around the four mines and the smelting plant in Hubei held by the Group and there is no comparable land in the proximity and no corresponding market rent available for reference.

Time and method of payment: Rent is payable annually to the designated bank account of the Parent Company or its relevant subsidiary.

### ***Historical figures, existing annual caps and Proposed Annual Caps***

As HKFRS 16 “Lease” has come into effect on 1 January 2019 and be applicable to financial years starting on or after 1 January 2019, pursuant to the requirements of the Stock Exchange, the Proposed Annual Caps relating to the Land Lease Framework Agreement with the Group as the lessee will be set based on the total value of right-of-use assets relating to the leases to be entered into by the Group under the Land Lease Framework Agreement.

The table below sets out the historical figures, existing annual caps and the Proposed Annual Caps relating to the Land Lease Framework Agreement:

Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022		Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025
Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (up to 31 October 2022) (unaudited) (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)
145,171	8,141	1,100	0	1,100	0	13,772	13,772	13,772

The above Proposed Annual Caps have been determined with reference to (i) the expected number of parcels of land to be leased by the Group from the Parent Group; (ii) the lease term in relation to the leases; (iii) the benchmark borrowing rate set by the PBOC; and (iv) the aggregate rent, taxes and duties payable by the Group for leasing those parcels of land.

### ***Reason for renewing the annual caps for the Land Lease Framework Agreement***

The parcels of land under the Land Lease Framework Agreement were previously already leased by the Parent Group to the Group for its production and staff facilities. Renewing the annual caps for the Land Lease Framework Agreement for the three years ending 31 December 2025 would enable the Group to continue using those parcels of land without disruption to its business operations.

### ***Listing Rules implications***

As the highest applicable percentage ratio in respect of the Proposed Annual Caps exceeds 0.1% but is less than 5%, the Land Lease Framework Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **13. Asset Lease Framework Agreement**

Date: 22 November 2022

Parties: (1) the Company  
(2) the Parent Company

Nature of transactions: The Group will lease certain assets (including properties, vehicles and warehouse) to the Parent Group, and also guarantee that the Parent Group will have the exclusive right to use such assets during the term of the Asset Lease Framework Agreement.

The Parent Group will lease certain assets (including sulfuric acid tank trucks, circulating water pump station, university student apartments, properties, production line (including properties and equipment etc.)) to the Group, and also guarantee that the Group will have the exclusive right to use such assets during the term of the Asset Lease Framework Agreement.

Term: 1 January 2023 to 31 December 2025.

Pricing mechanism: The pricing will be based on the depreciation and related tax amount.

Time and method of payment: Based on market practice.

## ***Historical figures, existing annual caps and Proposed Annual Caps***

### ***(a) The Group's lease of assets to the Parent Group***

The table below sets out the historical figures, existing annual caps and the Proposed Annual Caps in respect of the Group's lease of assets to the Parent Group under the Asset Lease Framework Agreement:

Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022		Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025
Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (up to 31 October 2022) (unaudited) (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)
<u>3,513</u>	<u>2,851</u>	<u>3,513</u>	<u>679</u>	<u>3,513</u>	<u>0</u>	<u>3,713</u>	<u>3,713</u>	<u>3,713</u>

The above Proposed Annual Caps were determined with reference to the: (i) estimated amount and types of assets required to be leased by the Parent Group from the Group for its business operations; and (ii) expected leasing fees for such assets in the next three years ending 2025.

### ***(b) The Parent Group's lease of assets to the Group***

The table below sets out the historical figures, existing annual caps and the Proposed Annual Caps in respect of the Parent Group's lease of assets to the Group under the Asset Lease Framework Agreement:

Year ended 31 December 2020		Year ended 31 December 2021		Year ending 31 December 2022		Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025
Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (audited)	Annual cap (RMB'000)	Actual amount (up to 31 October 2022) (unaudited) (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)
<u>2,520</u>	<u>0</u>	<u>2,520</u>	<u>0</u>	<u>2,520</u>	<u>2,100</u>	<u>3,780</u>	<u>3,780</u>	<u>3,780</u>

The above Proposed Annual Caps were determined with reference to the: (i) estimated amount and types of assets required to be leased by the Group from the Parent Group for its business operations; and (ii) expected leasing fees for such assets in the next three years ending 31 December 2025.

### ***Reasons for the transaction***

The Directors consider that the Asset Lease Framework Agreement will broaden the revenue base of the Group, increase the revenue of the Group and allow the Group to make more efficient use of its assets. On the other hand, the Asset Lease Framework Agreement will also allow the Group to leverage on the Parent Group's assets which the Group requires for its operations.

### ***Listing Rules implications***

As the highest applicable percentage ratio in respect of each of the Group's lease of assets to the Parent Group and the Parent Group's lease of assets to the Group under the Asset Lease Framework Agreement exceeds 0.1% but is less than 5%, the Asset Lease Framework Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## **14. CNMC Financial Services Framework Agreement**

Date: 22 November 2022

Parties: (1) the Company  
(2) CNMC

Nature of transactions: The Group shall place deposits with the CNMC Group.

The CNMC Group shall provide to the Group the following financial services: loans, guarantees and integrated credit facilities, bills acceptance and settlement, foreign exchange settlement and sales and such other financial services as agreed by the parties from time to time.

Term: 1 January 2023 to 31 December 2025.

Price of services: With reference to the fees charged by commercial banks for similar services, subject to compliance with applicable laws and regulations and provisions of PBOC on interest rate management.

To ensure that the pricing policies under the CNMC Financial Services Framework Agreement are complied with, prior to conducting the connected transactions under the CNMC Financial Services Framework Agreement, the Group will enquire with third party commercial banks about the interest rates for loans and deposits of the same term and the fees for provision of similar financial services charged by them, to compare with the interest rates for loans and deposits and fees charged for the connected transactions between the Group and the CNMC Group and determine the relevant interest rates and fees in accordance with the pricing policies under the CNMC Financial Services Framework Agreement. The Group will seek to obtain quotations from at least three independent third party commercial banks in each case where practicable.

Time and method of payment:	Based on market practice.
Deposit and loan amounts:	The average daily amount of deposits placed by the Group with the CNMC Group must not exceed the average daily amount of outstanding loans extended by the CNMC Group to the Group.
Set-off upon default on deposits:	If CNMC Group is unable to return on time the deposits (including accrued interest) placed to it by the Group, the Group shall have the right to: (i) terminate the CNMC Financial Services Framework Agreement; and (ii) set off such deposits (including accrued interest) against the outstanding loans (including accrued interest) extended by CNMC Group to the Group.
Compensation for losses suffered by the Group:	CNMC Group shall fully compensate the Group for any loss incurred by the Group (including in relation to the amount of outstanding deposits or loans and accrued interest or any related expenses incurred) as a result of any of the following: (i) the CNMC Group breaches, or is likely to breach, any PRC laws or regulations; (ii) the occurrence of, or likely occurrence of, any material problem in the CNMC Group's operations or difficulties in payment; or (iii) the CNMC Group does not comply or breaches the CNMC Financial Services Framework Agreement.
Undertaking by CNMC:	CNMC undertakes to the Group that if CNMC Financial Company experiences or foresees any difficulties in payment, CNMC will inject capital into CNMC Financial Company based on the latter's needs in order to ensure the latter's normal operations.

## ***Historical figures, existing annual caps and Proposed Annual Caps***

### *(a) Deposit services*

The table below sets out the historical figures, existing annual caps and the Proposed Annual Caps in respect of the deposit services to be provided by the Group to the CNMC Group under the CNMC Financial Services Framework Agreement:

Year ended 31 December 2020	Year ended 31 December 2021	Year ending 31 December 2022	Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025
			Actual amount (up to 31 October 2022) (unaudited) (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)
Annual cap (RMB'000)	Annual cap (RMB'000)	Annual cap (RMB'000)	Annual cap (RMB'000)	Proposed annual cap (RMB'000)	Proposed annual cap (RMB'000)
2,681,869	305,250	2,885,041	789,393	3,110,325	1,042,139
				2,697,750	2,827,221
					2,929,468

The above Proposed Annual Caps were determined with reference to the: (i) amount of deposits (including accrued interests) historically made by the Group; (ii) estimated daily cash flow of the Group for the three years ending 31 December 2025, having considered the business operations needs and expected development of the Group; and (iii) expected interest rate by reference to prevailing interest rates on deposits offered by other finance companies in the PRC.

There will be an increase in the Proposed Annual Caps for 2023 to 2025 compared to the existing annual caps in respect of the deposit services provided by CNMC Financial Company to the Group, mainly due to the significant increase in the working capital requirement as compared to the previous years as Yangxin Hongsheng commenced operation. Based on the relevant requirements of CNMC and for the purpose of better managing the funding of its subordinate entities on a centralized basis, after taking into account the interest rate on demand deposit offered by CNMC Financial Company, the Group expects that its current funds will be mainly deposited with CNMC Financial Company.

As the highest applicable percentage ratio in respect of the Proposed Annual Caps exceeds 25%, the deposit services under the CNMC Financial Services Framework Agreement constitute (i) a continuing connected transaction that is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) a major transaction that is subject to the reporting, announcement, annual review and shareholders' approval requirements under Chapter 14 of the Listing Rules.



(b) *Loans, guarantees and integrated credit facilities services*

The loans, guarantees and integrated credit facilities services will be provided by the CNMC Group for the benefit of the Company on normal commercial terms similar to those for comparable services in the PRC and no security over the assets of the Group will be granted. Therefore, the provision of such services will constitute continuing connected transactions that are exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

(c) *Bills acceptance and settlement and foreign exchange settlement and sales services*

In order to more effectively monitor the transaction amounts of foreign exchange settlement and sales services, the Company has determined that such transaction amounts shall be based on the aggregate of the amount of foreign currency exchanged (inclusive of the service fees), instead of based solely on the service fees.

The table below sets out the historical figures, existing annual caps and the Proposed Annual Caps in respect of the bills acceptance and settlement and foreign exchange settlement and sales services to be provided by the CNMC Group to the Group under the CNMC Financial Services Framework Agreement:

Year ended 31 December 2020	Year ended 31 December 2021	Year ending 31 December 2022	Year ending 31 December 2023	Year ending 31 December 2024	Year ending 31 December 2025
		Actual amount (up to 31 October 2022)	Proposed annual cap	Proposed annual cap	Proposed annual cap
Annual cap (RMB'000)	Annual cap (RMB'000)	Annual cap (RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
6,120,300	313,028	11,090,900	2,479,759	16,502,900	1,363,097
8,286,025	8,288,625	8,288,625	8,288,625	8,288,625	8,288,625

The above Proposed Annual Caps were determined with reference to the: (i) historical amount of foreign exchange transacted by the Group; (ii) fees of bills acceptance and settlement services historically received by the Group; (iii) cost of similar financial services charged by other independent commercial banks taking into account the benchmark interest rates quoted by the PBOC from time to time; and (iv) the anticipated amount of bills acceptance and settlement and foreign exchange settlement and sales services to be purchased by the group from the CNMC Group for the three years ending 31 December 2025.

For each of the three years ending 31 December 2025, the Group expects to purchase foreign exchange and settlement services from CNMC Financial Company to satisfy around 20% of its total requirements for foreign exchange services. As for the remaining requirements, the Group will purchase foreign exchange services from other commercial banks and institutions under comparable charge rate and service fee rate to diversify the supply of services and maintain good business relationship with the commercial banks and institutions. Based on its estimations on the amounts and prices of raw materials to be imported by the Group, it is expected that the total foreign exchange transaction amount of the Group for each of the three years ending 31 December 2025 will be approximately RMB42.2 billion. Entering into such foreign exchange transactions is because the revenue of the Group is primarily denominated in RMB while payments to certain raw material suppliers in the international market (including suppliers of copper concentrate and blister copper) need to be settled in USD.

There will be an increase in the Proposed Annual Caps for 2023 to 2025 compared to the existing annual caps in respect of bills acceptance and settlement and foreign exchange settlement and sales services provided by CNMC Financial Company to the Group, mainly because it is expected that the Group's requirements for foreign currency will increase as a result of purchase of raw materials from the international market as Yangxin Hongsheng commenced operation.

As the highest applicable percentage ratios in respect of the bills acceptance and settlement and foreign exchange settlement and sales services under the CNMC Financial Services Framework Agreement exceed 5%, the bills acceptance and settlement and foreign exchange settlement and sales services under the CNMC Financial Services Framework Agreement is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

### ***Reasons for the transactions***

CNMC Financial Company is a non-wholly owned subsidiary of CNMC. It is regulated by PBOC and CBRC to provide financial services to other members of the Parent Group and the CNMC Group. The Directors consider there are numerous advantages of utilising the financial services provided by CNMC Financial Company over similar services provided by other independent commercial banks in the PRC for the following reasons:

- similar to other independent commercial banks in the PRC, CNMC Financial Company will be regulated by the PBOC and the CBRC, and will provide services pursuant to the relevant rules and requirements, including capital risk guidelines and requisite capital adequacy ratios of such regulatory authorities;
- the regulation of finance companies (such as CNMC Financial Company) by the CBRC is more stringent than the regulation of commercial banks in the PRC in certain aspects, for example, finance companies are required to have a higher capital adequacy ratio;
- the CBRC will review the operations and management of finance companies in the PRC pursuant to the Guideline of Risk Assessment and Classified Regulation on Financial Companies of Enterprise Groups (企業集團財務公司風險評價和分類監管指引) which covers areas including a finance company's internal management, operating conditions and the related group's influence over and support to the finance company; and

- the CNMC Financial Services Framework Agreement provides the Group with numerous rights and sets out numerous internal control and risk management measures that safeguard the interests of the Company and the Shareholders. For example, the average daily deposits placed by the Group with the CNMC Group must not exceed the average daily outstanding loans. The Group may also set-off any defaulted deposits against any outstanding loans extended by the CNMC Group to the Group and has various rights of compensation. In addition, CNMC Financial Company shall (and CNMC shall ensure that CNMC Financial Company shall):
  - (i) implement stringent internal control and effective risk management measures (the efficiency and effectiveness of which will be regularly reviewed by the CBRC);
  - (ii) comply with applicable laws and regulations, and in particular strictly comply with any requirements relating to the management of financial companies under all PRC laws and regulations (including any PRC laws and regulations), as amended from time to time;
  - (iii) provide the Group with access to the books and accounts of CNMC Financial Company for inspection as soon as practicable upon the Group's request; and
  - (iv) when providing financial services to members of the Group, exercise its own judgment and prudent approval process to determine whether to provide such financial services to such members of the Group.

Further, the provision of financial services under the CNMC Financial Services Framework Agreement is expected to render more expedient and efficient financial services to the Group, especially due to the multiple financing channels offered by the CNMC Group. In addition, it is expected that any applicable interest rates for the financial services will be equal to or more favourable to the Group than the benchmark interest rates quoted by the PBOC from time to time, while any other applicable fees and terms will also be equal to or more favourable to the Group than that offered by other independent commercial banks in the PRC, which would reduce the overall financial costs of the Group.

## **B. INTERNAL CONTROL**

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.

Further, each of the Exempt Continuing Connected Transactions and the Non-Exempt Continuing Connected Transactions is 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 its terms (including the pricing mechanism) as set out in the Connected Transaction Agreements.

The Board is of the view that the above internal control measures can ensure that the continuing connected transactions of the Group under the Connected Transaction Agreements are conducted on normal commercial terms, fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **C. REASONS FOR AND BENEFITS OF THE CONTINUING CONNECTED TRANSACTIONS**

In addition to the reasons set out above, the Directors are of the view that the continuing connected transactions set out in this announcement have been and will continue to be beneficial to the Group and will facilitate the growth and development of the Group.

Regarding each of the Exempt Continuing Connected Transactions, the Directors (including the independent non-executive Directors) are of the view that they 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 interest of the Company and the Shareholders as a whole.

Regarding each of the Non-Exempt Continuing Connected Transactions, the Directors (other than the independent non-executive Directors, who will express their views after receiving advice from the independent financial adviser) are of the view that they 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 interest of the Company and the Shareholders as a whole.

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 passed by the Board to approve the Connected Transaction Agreements and the transactions contemplated thereunder. 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 Connected Transaction Agreements and the transactions contemplated thereunder.

#### **D. LISTING RULES IMPLICATIONS**

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. CNMC Financial Company is a non-wholly owned subsidiary of CNMC. Therefore, each of China Times, the Parent Company and CNMC is a connected person of the Company. Huangshi Xingang is indirectly owned by the Parent Company as to more than 30% and is therefore associate of the Parent Company and connected person of the Company. Hubei Gold is owned by the Parent Company as to approximately 40.20%, and two other independent third parties as to approximately 59.80%. As Hubei Gold is owned by the Parent Company as to more than 30%, it is therefore an associate of the Parent Company and 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. Huangshi Xingang Development is a substantial shareholder of Yangxin Hongsheng, and thus a connected person of the Company. Therefore, the transactions contemplated under each of the framework agreements set out in this announcement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Regarding each of the Exempt Continuing Connected Transactions, as the highest applicable percentage ratio in respect of their Proposed Annual Caps exceeds 0.1% but is less than 5%, the Exempt Continuing Connected Transactions are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

Regarding each of the Non-Exempt Continuing Connected Transactions, as the highest applicable percentage ratio in respect of their Proposed Annual Caps exceeds 5%, the Non-Exempt Continuing Connected Transactions are subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Regarding the deposit services to be provided under the CNMC Financial Services Framework Agreement, as the highest applicable percentage ratio in respect of the Proposed Annual Caps exceeds 25%, the provision of such services will constitute (i) a continuing connected transaction that is subject to the reporting, announcement, annual review and independent shareholders' approval requirements under Chapter 14A of the Listing Rules; and (ii) a major transaction that is subject to the reporting, announcement, annual review and shareholders' approval requirements under Chapter 14 of the Listing Rules.



Regarding the loans, guarantees and integrated credit facilities services to be provided under the CNMC Financial Services Framework Agreement, such services will be provided by the CNMC Group for the benefit of the Company on normal commercial terms similar to those for comparable services in the PRC and no security over the assets of the Group will be granted. Therefore, the provision of such services will constitute a continuing connected transaction that is exempt from the reporting, announcement, annual review and independent shareholders' approval requirements under Rule 14A.90 of the Listing Rules.

## **E. FINANCIAL EFFECTS OF THE DEPOSIT SERVICES**

As mentioned above, the interest rates for the deposit services to be provided by the CNMC Group to the Group under the CNMC Financial Services Framework Agreement are expected to be equal to or more favorable to the Group than the prevailing benchmark interest rates quoted by the PBOC from time to time. The deposits to be placed with the Group under the CNMC Financial Services Framework Agreement for each of the three years ending 31 December 2025 are expected to not exceed RMB2,697,750,000, RMB2,827,221,000, and RMB2,929,468,000 respectively, and the Company expects that the interest income to be earned from the deposit services will be affected by the level of interest rates. However, taking into account the prevailing interest rates for deposits in the PRC, the potential interest income to be earned from the deposit services for the three years ending 31 December 2025 is expected to represent only a small contribution to the earnings and assets of the Group. As such, the Company anticipates that such potential interest income to be earned from the deposit services for the three years ending 31 December 2025 will not have any material impact on the earnings, assets and liabilities of the Group.

## **F. INFORMATION ON THE GROUP, THE PARENT GROUP AND THE CNMC GROUP**

### **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 non-ferrous 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.

### **The Parent Group**

The Parent Company is a state-owned conglomerate in the PRC. Its controlling shareholder is CNMC, a state-owned enterprise established in the PRC. The principal business of the Parent Group is copper mining and processing. The Parent Group has a fully integrated operation which enables it to undertake the different stages of copper production from mining, processing, smelting and plating, research and development, design to sales and trading.

China Times is a company incorporated in the British Virgin Islands with limited liability and is principally engaged in investment holding. It is the immediate controlling Shareholder and is a wholly-owned subsidiary of the Parent Company.

## **Huangshi Xingang Development Group**

Huangshi Xingang is a limited liability company established in the PRC and principally engaged in the businesses of development, construction and operation of a chemical berth and its port facilities (including the rear land area) in Huangshi Xingang.

Huangshi Xingang Development is a limited liability company established in the PRC and principally engaged in the business of commercial services. It is owned by independent third parties Huangshi Urban Development Investment Group Co., Ltd. (黃石市城市發展投資集團有限公司), China Agricultural Development Key Construction Fund Co., Ltd. (中國農發重點建設基金有限公司) and State-owned Assets Supervision and Administration Bureau of Yangxin County People's Government (陽新縣人民政府國有資產監督管理局) as to approximately 51%, 38.46%, and 10.54% respectively. Hubei Gold is a limited liability company established in the PRC and principally engaged in selecting, mining and sale of gold ore, procurement and sale of chemical products (other than inflammable and explosive materials and hazardous chemicals), construction materials and electromechanical equipment and design of mine engineering and mine technology consulting.

## **The CNMC Group**

CNMC is a PRC state-owned enterprise directly administered by the State-owned Assets Supervision and Administration Commission of the State Council. The CNMC Group is principally engaged in the development of non-ferrous metal resources, construction and engineering, as well as related trade and services, both in the PRC and overseas.

CNMC Financial Company is a limited liability company established in the PRC and a non-wholly owned subsidiary of CNMC. It is regulated by PBOC and CBIRC to provide financial services to other members of the Parent Group and the CNMC Group.

## **G. SPECIAL GENERAL MEETING**

The SGM will be convened for the purpose of considering, and if thought fit, approving by poll the Non-Exempt Continuing Connected Transactions and their Proposed Annual Caps. The Parent Company, CNMC and their respective associates will abstain from voting on the resolutions approving the Non-Exempt Continuing Connected Transactions, the transactions contemplated thereunder and the Proposed Annual Caps at the SGM.

Amasse Capital Limited, a corporation licensed by the Securities and Futures Commission to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed as the independent financial adviser to advise the independent board committee and the Independent Shareholders regarding the Non-Exempt Continuing Connected Transactions (together with the Proposed Annual Caps). An independent board committee, comprising all three of the independent non-executive Directors, has also be formed to advise the Independent Shareholders on whether or not the Non-Exempt Continuing Connected Transactions (together with the Proposed Annual Caps) are fair and reasonable, on normal commercial terms and in the ordinary and usual course of business of the Group and in the interest of the Company and the Shareholders as a whole.

A circular containing, among others, (i) further details of the Non-Exempt Continuing Connected Transactions and the Proposed Annual Caps; (ii) the letter of advice from the independent financial adviser; (iii) the letter of recommendation from the independent board committee; (iv) the notice of the SGM; and (v) other information as required under the Listing Rules, is expected to be despatched to the Shareholders on or before 13 December 2022 in accordance with the Listing Rules.



## H. CLARIFICATION IN RELATION TO ANNUAL REPORTS

Reference is made to the 2020 Annual Report and the 2021 Annual Report. In the course of the preparation for the renewal of continuing connected transactions and the review of the relevant historical transaction amounts, it comes to the attention of the Company that there was an error due to the deviation in data collection standards caused by inadequate communication among departments in relation to the disclosure of the historical transaction amounts regarding the financial services provided by CNMC Group for each of the year ended 31 December 2020 and 31 December 2021 as disclosed in the 2020 Annual Report and the 2021 Annual Report, respectively, where only transaction service fees are included in the calculation of historical transaction amounts of the financial services. However, the transaction amounts of the foreign exchange settlement and sales services provided by CNMC Group to the Group have not been included in the transaction amounts regarding the financial services provided by CNMC Group to the Group due to the misinterpretation as currency exchange which does not involve consideration.

The Company wishes to clarify that:

- (i) the following sentence under the section headed “Continuing Connected Transactions – 1. CNMC Financial Services Framework Agreement” to the 2020 Annual Report (p. 37) should read as follows:

*“The aggregate transaction amount incurred in accordance with the CNMC Financial Services Framework Agreement for the year ended 31 December 2020 was RMB305,250,000 for the deposit services and RMB~~13,782,000~~313,028,000 for financial services provided by CNMC Group.”*

- (ii) the following sentence under the section headed “Continuing Connected Transactions – 1. CNMC Financial Services Framework Agreement” to the 2021 Annual Report (p. 43) should read as follows:

*“The aggregate transaction amount incurred in accordance with the CNMC Financial Services Framework Agreement for the year ended 31 December 2021 was RMB789,393,000 for the deposit services and RMB~~9,257,000~~2,479,759,000 for financial services provided by CNMC Group.”*

Each of the annual caps for the year ended 31 December 2020 and the year ended 31 December 2021 in relation to financial services provided by CNMC Group to the Group pursuant to the Existing CNMC Financial Services Framework Agreement has not been exceeded as at 31 December 2020 and 31 December 2021, respectively. To prevent reoccurrence of the abovementioned errors, the Company has strengthened the implementation of its internal control system including, among others, the improvement of the content of the reconciliation letter for connected transactions, review of the data collection and reporting documents for connected transactions and the strengthening of the coordination and reporting arrangements among various departments of the Company. Save as disclosed above, all other information in the 2020 Annual Report and 2021 Annual Report remain unchanged.

## I. DEFINITIONS

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

“2020 Annual Report”	the annual report of the Company for the year ended 31 December 2020 published on 23 April 2021
“2021 Annual Report”	the annual report of the Company for the year ended 31 December 2021 published on 25 April 2022
“Asset Lease Framework Agreement”	the asset lease framework agreement dated 22 November 2022 entered into between the Company and the Parent Company, the details of which are set out in this announcement
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“CBRC”	China Banking Regulatory Commission (中國銀行業監督管理委員會)
“CBIRC”	China Banking and Insurance Regulatory Commission (中國銀行保險監督管理委員會)
“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
“CNMC Financial Company”	Nonferrous Mining Group Financial Company Limited* (有色礦業集團財務有限公司), a limited liability company incorporated in the PRC and a non-wholly owned subsidiary of CNMC
“CNMC Financial Services Framework Agreement”	the financial services framework agreement dated 22 November 2022 entered into between the Company and CNMC, the details of which are set out in this announcement
“CNMC Group”	CNMC and its subsidiaries

“CNMC Group Purchase and Production Services Framework Agreement”	the purchase and production services framework agreement dated 22 November 2022 entered into between the Company and CNMC, the details of which are set out in this announcement
“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
“Connected Transaction Agreements”	collectively, (i) the Parent Group Sales Framework Agreement, (ii) the Yangxin Hongsheng Sales Framework Agreement, (iii) the Parent Group Services Framework Agreement, (iv) the Huangshi Xingang Purchase and Production Services Framework Agreement, (v) the Yangxin Hongsheng Services Framework Agreement, (vi) the Parent Group Purchase and Production Services Framework Agreement, (vii) the Hubei Gold Purchase Framework Agreement, (viii) the CNMC Group Purchase and Production Services Framework Agreement, (ix) the Yangxin Hongsheng Purchase Framework Agreement, (x) the Parent Group Combined Ancillary Services Framework Agreement, (xi) the Huangshi Xingang Development Combined Ancillary Services Framework Agreement; (xii) the Land Lease Framework Agreement; (xiii) the Asset Lease Framework Agreement; (xiv) the CNMC Financial Services Framework Agreement
“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)”	directors of the Company
“Exempt Continuing Connected Transactions”	the continuing connected transactions contemplated under each of (i) the Parent Group Services Framework Agreement, (ii) the Huangshi Xingang Purchase and Production Services Framework Agreement, (iii) the Yangxin Hongsheng Services Framework Agreement, (iv) the Huangshi Xingang Development Combined Ancillary Services Framework Agreement, (v) the Land Lease Framework Agreement, (vi) the Asset Lease Framework Agreement; and (vii) the Hubei Gold Purchase Framework Agreement

“Existing CNMC Financial Services Framework Agreement”	the financial services framework agreement dated 22 November 2019 entered into between the Company and CNMC, the details of which are set out in the circular of the Company dated 27 December 2019
“Existing Continuing Connected Transactions”	<p>collectively, the continuing connected transactions under the following agreements:</p> <ul style="list-style-type: none"> <li>(i) the sales framework agreement dated 22 November 2019 entered into between the Company and the Parent Company;</li> <li>(ii) the services framework agreement dated 22 November 2019 entered into between the Company and the Parent Company;</li> <li>(iii) the purchase and production services framework agreement dated 22 November 2019 entered into between the Company and Huangshi Xingang;</li> <li>(iv) the purchase and production services framework agreement dated 22 November 2019 entered into between the Company and the Parent Company;</li> <li>(v) the purchase framework agreement dated 22 November 2019 entered into between the Company and the Hubei Gold;</li> <li>(vi) the purchase and production services framework agreement dated 22 November 2019 entered into between the Company and CNMC;</li> <li>(vii) the combined ancillary services framework agreement dated 22 November 2019 entered into between the Company and the Parent Company;</li> <li>(viii) the asset lease framework agreement dated 22 November 2019 entered into between the Company and the Parent Company;</li> <li>(ix) the financial services framework agreement dated 22 November 2019 entered into between the Company and CNMC; and</li> <li>(x) the Land Lease Framework Agreement</li> </ul>
“Group”	the Company and its subsidiaries
“HKFRS”	the Hong Kong Financial Reporting Standards

“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”	Huangshi Xingang Nonferrous Chemical Terminal Co., Ltd.* (黃石新港有色化工碼頭有限公司), a limited liability company incorporated in the PRC and an associate of the Parent Company
“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
“Huangshi Xingang Development Group”	Huangshi Xingang Development and its subsidiaries
“Huangshi Xingang Development Combined Ancillary Services Framework Agreement”	the combined ancillary services framework agreement dated 22 November 2022 entered into between Yangxin Hongsheng and Huangshi Xingang Development, the details of which are set out in this announcement
“Huangshi Xingang Purchase and Production Services Framework Agreement”	the purchase and production services framework agreement dated 22 November 2022 entered into between the Company and Huangshi Xingang, the details of which are set out in this announcement
“Hubei Gold”	Hubei Jilong Mountain Gold Mining Company Limited* (湖北雞籠山黃金礦業有限公司), a limited liability company established in the PRC and an associate of the Parent Company
“Hubei Gold Purchase Framework Agreement”	the purchase framework agreement dated 22 November 2022 entered into between the Company and Hubei Gold, the details of which are set out in this announcement
“Independent Shareholders”	the Shareholders other than China Times, the Parent Company, CNMC and their respective associates
“independent third party”	a person or entity who is not a connected person of the Company
“Land Lease Framework Agreement”	the land lease framework agreement dated 23 December 2011 entered into between the Company and the Parent Company
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“Market Price”	<p>means such price(s) that:</p> <ol style="list-style-type: none"> <li>(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;</li> <li>(2) independent third parties provides such products or services to other independent third parties for the same or similar products or services; or</li> <li>(3) as determined by industry standards or practice for the same or similar products or services</li> </ol>
“New Continuing Connected Transactions”	<p>the continuing connected transactions consisting of the transactions contemplated under each of (i) the Yangxin Hongsheng Sales Framework Agreement, (ii) the Yangxin Hongsheng Services Framework Agreement, (iii) the Yangxin Hongsheng Purchase Framework Agreement and (iv) the Huangshi Xingang Development Combined Ancillary Services Framework Agreement</p>
“New Copper Cathode Production Plant”	<p>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</p>
“Non-Exempt Continuing Connected Transactions”	<p>the continuing connected transactions consisting of the provision of deposit services by the Group to the CNMC Group and the bills acceptance and settlement and foreign exchange settlement and sales services by the CNMC Group to the Group under the CNMC Financial Services Framework Agreement and the transactions contemplated under each of (i) the Parent Group Sales Framework Agreement, (ii) the Yangxin Hongsheng Sales Framework Agreement, (iii) the Parent Group Purchase and Production Services Framework Agreement, (iv) the CNMC Group Purchase and Production Services Framework Agreement, (v) the Yangxin Hongsheng Purchase Framework Agreement, and (vi) the Parent Group Combined Ancillary Services Framework Agreement</p>
“Parent Company”	<p>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</p>

“Parent Group”	the Parent Company and its subsidiaries
“Parent Group Combined Ancillary Services Framework Agreement”	the combined ancillary services framework agreement dated 22 November 2022 entered into between the Company and the Parent Company, the details of which are set out in this announcement
“Parent Group Purchase and Production Services Framework Agreement”	the purchase and production services framework agreement dated 22 November 2022 entered into between the Company and the Parent Company, the details of which are set out in this announcement
“Parent Group Sales Framework Agreement”	the sales framework agreement dated 22 November 2022 entered into between the Company and the Parent Company, the details of which are set out in this announcement
“Parent Group Services Framework Agreement”	the services framework agreement dated 22 November 2022 entered into between the Company and the Parent Company, the details of which are set out in this announcement
“PBOC”	The People’s Bank of China
“percentage ratio”	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 three years ending 31 December 2025
“RMB”	Renminbi, the lawful currency of the PRC
“SGM”	a special general meeting of the Company to be held to consider and if thought fit, approve the Non-Exempt Continuing Connected Transactions and their Proposed Annual Caps
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“USD”	United States dollars, the lawful currency of the United States
“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 Purchase Framework Agreement”	the purchase framework agreement dated 22 November 2022 entered into between the Company and Yangxin Hongsheng, the details of which are set out in this announcement
“Yangxin Hongsheng Sales Framework Agreement”	the sales framework agreement dated 22 November 2022 entered into between the Company and Yangxin Hongsheng, the details of which are set out in this announcement
“Yangxin Hongsheng Services Framework Agreement”	the services framework agreement dated 22 November 2022 entered into between the Company and Yangxin Hongsheng, the details of which are set out in this announcement
“%”	per cent

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

Hong Kong, 22 November 2022

*As at the date of this announcement, 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, Mr. Wang Guoqi and Mr. Liu Jishun.*

\* *for identification purpose only*