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**中國大冶有色金屬礦業有限公司**

**China Daye Non-Ferrous Metals Mining Limited**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 00661)**

**(1) SECOND SUPPLEMENTAL AGREEMENT  
TO THE ACQUISITION AGREEMENT  
IN RELATION TO  
VERY SUBSTANTIAL ACQUISITION AND CONNECTED TRANSACTION  
REVERSE TAKEOVER INVOLVING A NEW LISTING APPLICATION  
AND  
APPLICATION FOR WHITEWASH WAIVER**

**(2) CONTINUING CONNECTED TRANSACTIONS**

**AND**

**(3) DESPATCH OF CIRCULAR**

**SECOND SUPPLEMENTAL AGREEMENT TO THE ACQUISITION AGREEMENT**

On 23 December 2011, the Company, the Parent Company, China Times and Cinda entered into the Second Supplemental Agreement, pursuant to which (i) the parties agreed to extend the Long Stop Date to 30 June 2012; and (ii) the Non-competition Undertaking given by the Parent Company to the Company was amended.

**CONTINUING CONNECTED TRANSACTIONS**

On 23 December 2011, the Company entered into the Sales Framework Agreement, the Services Framework Agreement, the Purchase and Production Services Framework Agreement, the Hubei Gold Purchase Framework Agreement, the Daye Transportation Purchase Framework Agreement, the Combined Ancillary Services Framework Agreement, the Tonghua Hotel Services Framework Agreement and the Land Lease Framework Agreement with the Parent Company or its associates (as the case may be), and the Daye Labour Purchase and Production Services Framework Agreement with Daye Labour.

As at the date of this announcement, the Parent Company is a substantial shareholder of the Company, the Parent Company and its associates therefore constitute connected persons of the Company within the meaning of the Listing Rules. Hence, the transactions contemplated under the Sales Framework Agreement, the Services Framework Agreement, the Purchase and Production Services Framework Agreement, the Hubei Gold Purchase Framework Agreement, the Daye Transportation Purchase Framework Agreement, the Combined Ancillary Services Framework Agreement, the Tonghua Hotel Services Framework Agreement and the Land Lease Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

As at the date of this announcement, Daye Labour is a substantial shareholder of Daye Industry, a wholly-owned subsidiary of Daye Metal. After China Times Completion, Daye Metal and Daye Industry will become subsidiaries of the Company and Daye Labour, by virtue of being a substantial shareholder of Daye Industry, will then become a connected person of the Company. Hence, the transactions contemplated under the Daye Labour Purchase and Production Services Framework Agreement will constitute continuing connected transactions of the Company under the Listing Rules upon China Times Completion.

Based on the aggregate annual caps proposed to be adopted for the Sales Framework Agreement and the Services Framework Agreement, one or more of the Relevant Ratios for the transactions to be carried out pursuant to such agreements is expected to exceed 5%. Hence, such transactions are subject to the reporting, announcement, independent shareholders' approval and annual review requirements as prescribed under Chapter 14A of the Listing Rules.

Based on the aggregate annual caps proposed to be adopted for the Purchase and Production Services Framework Agreement, the Hubei Gold Purchase Framework Agreement and the Daye Transportation Purchase Framework Agreement, one or more of the Relevant Ratios for the transactions to be carried out pursuant to such agreements is expected to exceed 5%. Hence, such transactions are subject to the reporting, announcement, independent shareholders' approval and annual review requirements as prescribed under Chapter 14A of the Listing Rules.

Based on the aggregate annual caps proposed to be adopted for the Combined Ancillary Services Framework Agreement and the Tonghua Hotel Services Framework Agreement, one or more of the Relevant Ratios for the transactions to be carried out pursuant to such agreements is expected to exceed 5%. Hence, such transactions are subject to the reporting, announcement, independent shareholders' approval and annual review requirements as prescribed under Chapter 14A of the Listing Rules.

Based on the annual caps proposed to be adopted for each of the Land Lease Framework Agreement and the Daye Labour Purchase and Production Services Framework Agreement, one or more of the Relevant Ratios for the transactions to be carried out pursuant to such agreement is expected to exceed 0.1% but be less than 5%. Hence, such transactions are subject to the reporting, announcement and annual review requirements only and are exempted from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Non-Exempt Continuing Connected Transactions and the Annual Caps. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

At the EGM, an ordinary resolution to approve, inter alia, the Non-Exempt Continuing Connected Transaction Agreements and the Annual Caps will be proposed. China Times, its associates, persons acting in concert with it and any person who is involved or interested in the Acquisition and/or the Whitewash Waiver will abstain from voting in relation to such ordinary resolution.

#### **DESPATCH OF CIRCULAR**

The Circular will be despatched to the shareholders of the Company on 29 December 2011.

**It should be noted that the Acquisition is subject to a number of conditions which may or may not be fulfilled. In addition, the approval of the new listing application to be made by the Company and the Whitewash Waiver may or may not be granted. Shareholders of the Company and potential investors should exercise caution when they deal or contemplate dealing in the Ordinary Shares or Preference Shares and other securities of the Company.**

Reference is made to the Announcement of the Company dated 1 February 2011 in relation to, among others, the Acquisition and the Whitewash Waiver, and the announcement of the Company dated 11 August 2011 in relation to the further delay in the despatch of the Circular. Unless otherwise indicated, capitalised terms defined in the Announcement shall have the same meanings when used herein.

## **SECOND SUPPLEMENTAL AGREEMENT TO THE ACQUISITION AGREEMENT**

On 23 December 2011, the Company, the Parent Company, China Times and Cinda entered into the Second Supplemental Agreement, pursuant to which (i) the parties agreed to extend the Long Stop Date to 30 June 2012; and (ii) the Non-competition Undertaking given by the Parent Company to the Company was amended.

### **Extension of the Long Stop Date**

Pursuant to the Acquisition Agreement, (i) if any of the conditions precedent to China Times Completion has not been fulfilled (or, if applicable, waived by the Company) on or before 31 December 2011 (or such later date as may be agreed between China Times and the Company), the Acquisition Agreement will terminate with immediate effect; and (ii) if any of the conditions precedent to Cinda Completion has not been fulfilled (or, if applicable, waived by the Company) on or before 31 December 2011 (or such later date as may be agreed between Cinda and the Company), the Company's obligation to acquire the Cinda Sale Shares and the terms of the Acquisition Agreement in respect thereof will terminate with immediate effect.

One of the conditions precedent to China Times Completion under the Acquisition Agreement is the Shareholders (other than China Times, its associates, persons acting in concert with it, any persons involved or interested in the Acquisition and/or Whitewash Waiver or any other persons who are required to abstain from voting under the Listing Rules or the Takeovers Code) having approved, among others, the Acquisition and the Whitewash Waiver at the EGM convened for such purposes. Since the EGM will only be held after 31 December 2011, the Company and China Times have agreed to enter into the Second Supplemental Agreement to provide for the extension of the Long Stop Date with respect to China Times Completion to 30 June 2012.

Further, as one of the conditions precedent to Cinda Completion is China Times Completion having taken place in accordance with the Acquisition Agreement, which will only occur after the approval of the Acquisition and the Whitewash Waiver at the EGM as described above, the Company and Cinda have also agreed to enter into the Second Supplemental Agreement to provide for the extension of the Long Stop Date with respect to Cinda Completion to 30 June 2012.

## Amendment of the Non-competition Undertaking

Pursuant to the Second Supplemental Agreement, the Non-competition Undertaking given by the Parent Company to the Company was amended, such that the Parent Company has undertaken to the Company that with effect from the date of China Times Completion and until the Ordinary Shares cease to be listed on the Stock Exchange or the Parent Company ceases to be the controlling shareholder (as defined in the Listing Rules) of the Company, whichever is earlier:

- (i) it will not and will procure each other member of the Parent Group not to, directly or indirectly, carry on or be engaged or interested in any business in connection with the exploration, mining, processing, sales and trading of copper, silver, gold and molybdenum, and the production, sales and trading of copper-based products and sulphuric acid (other than (a) the following businesses of, and interests held by, the Parent Company and its subsidiaries: (1) the businesses of processing of coarse copper into anode plates; production and sales of copper rods and copper tubes; exploration, mining, production and sales of gold; and trading in silver, gold, copper cathodes, copper concentrates, coarse copper and scrap copper being carried on by the Parent Company or its subsidiaries as at the date of China Times Completion; and (2) the equity interests held by the Parent Company and its subsidiaries in companies engaging in the exploration, mining, production and sales of copper, gold, copper concentrates and gold concentrates (being equity interest not exceeding 50% of the total equity interests in each such company) as at the date of China Times Completion (the “Existing Businesses”); and (b) new copper, silver, gold and molybdenum mines and related facilities acquired from or allocated by any governmental authorities from time to time), whether in or outside of the PRC;
- (ii) if at any time, the Parent Company or its subsidiaries proposes to sell or dispose of any of the Existing Businesses, the Parent Company will procure that such business be first offered to the Company for purchase on and subject to such terms and conditions as may be agreed between the Company and the Parent Company or the relevant subsidiary of the Parent Company; and
- (iii) if at any time, any member of the Parent Group acquires from or is allocated by any governmental authority any new copper, silver, gold or molybdenum mine and/or related facility, (a) the Parent Company shall notify the Company in writing immediately; and (b) the Company shall, and the Parent Company shall procure that the Company shall, have the right (but not the obligation),
  - (1) if the transfer of such mine or related facility is permitted by applicable laws and regulations at the time, at any time within the period of 30 days after such mine or related facility has been acquired or allocated and such due diligence, technical and feasibility report by independent professional parties as the Company may require has been completed (and such report being acceptable to the Company); or

- (2) if the transfer of such mine or related facility is not so permitted by applicable laws and regulations at the time, at any time within the period of 30 days after such transfer has become so permitted and such due diligence, technical and feasibility report by independent professional parties as the Company may require has been completed (and such report being acceptable to the Company),

to require, by written notice, the relevant member of the Parent Group to transfer such mine or related facility and all related rights to the Company or such other member of the Enlarged Group as it may direct, on and subject to such terms and conditions as may be agreed between the Company and the relevant member of the Parent Group and also subject to compliance with such legal and regulatory requirements (whether in the PRC or Hong Kong) as may be applicable by the Company and the relevant member of the Parent Group.

The Parent Company has also undertaken to procure that the Company will be provided with all information which may be reasonably required by the Company to make a decision as to whether to exercise its rights under the Non-competition Undertaking.

The Company and the Parent Company agreed to amend the Non-competition Undertaking in order to specify in more precise terms the businesses which the Parent Group is not permitted to carry on, be engaged or interested in after China Times Completion and those businesses which the Parent Group is currently carrying on and will be permitted to continue under the Non-competition Undertaking. The Directors are of the opinion that the amended Non-competition Undertaking given by the Parent Company is fair and reasonable and the in the interests of the Company and its shareholders as a whole.

## **CONTINUING CONNECTED TRANSACTIONS**

### **Introduction**

On 23 December 2011, the Company entered into the following agreements with the Parent Company or its associates (as the case may be):

- (a) the Sales Framework Agreement;
- (b) the Services Framework Agreement;
- (c) the Purchase and Production Services Framework Agreement;
- (d) the Hubei Gold Purchase Framework Agreement;

- (e) the Daye Transportation Purchase Framework Agreement;
- (f) the Combined Ancillary Services Framework Agreement;
- (g) the Tonghua Hotel Services Framework Agreement; and
- (h) the Land Lease Framework Agreement.

As at the date of this announcement, the Parent Company is a substantial shareholder of the Company, the Parent Company and its associates therefore constitute connected persons of the Company within the meaning of the Listing Rules. Hence, the transactions contemplated under the Sales Framework Agreement, the Services Framework Agreement, the Purchase and Production Services Framework Agreement, the Hubei Gold Purchase Framework Agreement, the Daye Transportation Purchase Framework Agreement, the Combined Ancillary Services Framework Agreement, the Tonghua Hotel Services Framework Agreement and the Land Lease Framework Agreement constitute continuing connected transactions of the Company under the Listing Rules.

On 23 December 2011, the Company entered into the Daye Labour Purchase and Production Services Framework Agreement with Daye Labour.

As at the date of this announcement, Daye Labour is a substantial shareholder of Daye Industry, a wholly-owned subsidiary of Daye Metal. After China Times Completion, Daye Metal and Daye Industry will become subsidiaries of the Company and Daye Labour, by virtue of being a substantial shareholder of Daye Industry, will then become a connected person of the Company. Hence, the transactions contemplated under the Daye Labour Purchase and Production Services Framework Agreement will constitute continuing connected transactions of the Company under the Listing Rules upon China Times Completion.

The Sales Framework Agreement, the Services Framework Agreement, the Purchase and Production Services Framework Agreement, the Hubei Gold Purchase Framework Agreement, the Daye Transportation Purchase Framework Agreement, the Combined Ancillary Services Framework Agreement, the Tonghua Hotel Services Framework Agreement, the Land Lease Framework Agreement and the Daye Labour Purchase and Production Services Framework Agreement are conditional upon China Times Completion taking place and all applicable legal and regulatory requirements (including those under the Listing Rules) having been complied with.

## **Non-Exempt Continuing Connected Transactions**

### **A. *Sales Framework Agreement***

Pursuant to the Sales Framework Agreement, the Company will and will procure that other members of the Enlarged Group will supply certain products and materials to the Parent Company and its subsidiaries.

1. *Date*

23 December 2011

2. *Parties*

(a) the Company

(b) the Parent Company

3. *Term*

From the date on which the Sales Framework Agreement takes effect in accordance with its terms until 31 December 2013.

4. *Termination*

The Sales Framework Agreement shall terminate upon the occurrence of the following events:

(i) consent by both parties to terminate the agreement;

(ii) occurrence of any force majeure event which renders it impossible to achieve the purpose of the agreement;

(iii) breach of the agreement by either party, which is not remedied within 30 days upon request by the non-defaulting party;

(iv) the agreement being declared invalid by the court or other competent authority;

(v) shares of the Company ceasing to be listed on the Stock Exchange; or

(vi) the Parent Company ceasing to constitute a connected person of the Company.



5. *Products and materials to be supplied by the Enlarged Group*

Copper cathodes, scrap copper, silver, silver extracts (分銀渣), water (to be procured by members of the Enlarged Group from Independent Third Party suppliers for onward supply to subsidiaries of the Parent Company), electricity (to be procured by members of the Enlarged Group from Independent Third Party suppliers for onward supply to subsidiaries of the Parent Company, or spare electricity generated from the Enlarged Group's production process), raw materials, auxiliary equipment, supporting materials, components, production equipment and tools.

6. *Pricing mechanism*

Depending on the products or materials to be supplied by the Enlarged Group, the price at which each transaction under the Sales Framework Agreement is to be conducted will be determined on the following basis: (i) according to the government-prescribed price; or (ii) if there is no applicable government-prescribed price, with reference to the market price.

7. *Time and method of payment*

The time and method of payment for each transaction under the Sales Framework Agreement will be determined with reference to market practice.

8. *Historical transaction amounts*

Members of the Daye Metal Group had been supplying products and materials similar to those set out in the Sales Framework Agreement to the subsidiaries of the Parent Company in the three years ended 31 December 2008, 2009, 2010 and the six months ended 30 June 2011. The aggregate amount paid by the subsidiaries of the Parent Company to members of the Daye Metal Group for such products and materials amounted to approximately RMB1,954,980,000, RMB1,698,490,000, RMB1,540,360,000 and RMB1,113,030,000 for the three years ended 31 December 2008, 2009, 2010 and the six months ended 30 June 2011, respectively.

9. *Proposed annual caps*

The Company proposes to adopt the following annual caps for transactions to be entered into pursuant to the Sales Framework Agreement for each of the two years ending 31 December 2012 and 2013:

<b>Annual Cap</b>	
<b>For the year ending 31 December 2012</b>	<b>For the year ending 31 December 2013</b>
RMB2,532,300,000	RMB2,744,010,000

The above annual caps have been determined with reference to (i) the existing purchase orders placed by subsidiaries of the Parent Company; (ii) projected increase in the products to be sold to the subsidiaries of the Parent Company as a result of the expected growth in the business of the Parent Company and its subsidiaries and the expansion of the Enlarged Group's production capacity as a result of the upgrading of its production facilities; and (iii) the expected increase in the price of raw materials and labour costs in the next few years.

On the basis of the above factors, the Directors (excluding the independent non-executive Directors who will express their views after having considered the advice of the Independent Financial Adviser), are of the view that the proposed annual caps for the transactions under the Sales Framework Agreement are fair and reasonable.

10. *Reasons for entering into the Sales Framework Agreement*

The Directors consider that the entering into of the Sales Framework Agreement will broaden the revenue base of the Company and allow it to leverage on the sales network of the Parent Company and its subsidiaries in Shanghai and Hong Kong.

## **B. *Services Framework Agreement***

Pursuant to the Services Framework Agreement, the Company will and will procure that other members of the Enlarged Group will provide certain services to the Parent Company and its subsidiaries.

### *1. Date*

23 December 2011

### *2. Parties*

(a) the Company

(b) the Parent Company

### *3. Term*

From the date on which the Services Framework Agreement takes effect in accordance with its terms until 31 December 2013.

### *4. Termination*

The Services Framework Agreement shall terminate upon the occurrence of the following events:

- (i) consent by both parties to terminate the agreement;
- (ii) occurrence of any force majeure event which renders it impossible to achieve the purpose of the agreement;
- (iii) breach of the agreement by either party, which is not remedied within 30 days upon request by the non-defaulting party;
- (iv) the agreement being declared invalid by the court or other competent authority;
- (v) shares of the Company ceasing to be listed on the Stock Exchange; or
- (vi) the Parent Company ceasing to constitute a connected person of the Company.

5. *Services to be provided by the Enlarged Group*

Design services, surveying services, labour services for construction projects, provision of environment monitoring services, provision of examination of equipment and machineries services.

6. *Pricing mechanism*

The price at which each transaction under the Services Framework Agreement is to be conducted will be determined with reference to the market price of such services.

7. *Time and method of payment*

The time and method of payment for each transaction under the Services Framework Agreement will be determined with reference to market practice.

8. *Historical transaction amounts*

Members of the Daye Metal Group had been providing services similar to those set out in the Services Framework Agreement to the Parent Company and its subsidiaries in the three years ended 31 December 2008, 2009, 2010 and the six months ended 30 June 2011. The aggregate amount paid by the Parent Company and its subsidiaries for such services amounted to approximately RMB2,060,000, RMB1,250,000, RMB7,430,000 and RMB2,130,000 for the three years ended 31 December 2008, 2009, 2010 and the six months ended 30 June 2011, respectively.

9. *Proposed annual caps*

The Company proposes to adopt the following annual caps for transactions to be entered into pursuant to the Services Framework Agreement for each of the two years ending 31 December 2012 and 2013:

<b>Annual Cap</b>	
<b>For the year ending 31 December 2012</b>	<b>For the year ending 31 December 2013</b>
RMB9,640,000	RMB10,610,000

The above annual caps have been determined with reference to (i) the expected increase in the services to be provided to the Parent Company and its subsidiaries as a result of the expected growth in their business; and (ii) the expected increase in the services fees to be received by the Enlarged Group in the next few years.

On the basis of the above factors, the Directors (excluding the independent non-executive Directors who will express their views after having considered the advice of the Independent Financial Adviser), are of the view that the proposed annual caps for the transactions under the Services Framework Agreement are fair and reasonable.

*10. Reasons for entering into the Services Framework Agreement*

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

***C. Purchase and Production Services Framework Agreement***

Pursuant to the Purchase and Production Services Framework Agreement, the Parent Company will and will procure that its subsidiaries will supply certain products and materials and provide certain production services to members of the Enlarged Group.

*1. Date*

23 December 2011

*2. Parties*

(a) the Company

(b) the Parent Company

*3. Term*

From the date on which the Purchase and Production Services Framework Agreement takes effect in accordance with its terms until 31 December 2013.

#### 4. *Termination*

The Purchase and Production Services Framework Agreement shall terminate upon the occurrence of the following events:

- (i) consent by both parties to terminate the agreement;
- (ii) occurrence of any force majeure event which renders it impossible to achieve the purpose of the agreement;
- (iii) breach of the agreement by either party, which is not remedied within 30 days upon request by the non-defaulting party;
- (iv) the agreement being declared invalid by the court or other competent authority;
- (v) shares of the Company ceasing to be listed on the Stock Exchange; or
- (vi) the Parent Company ceasing to constitute a connected person of the Company.

#### 5. *Products and materials to be supplied to the Enlarged Group*

Copper concentrates, copper cathodes, coarse copper, scrap copper, mechanically processed products, natural gas, steam, fume, raw materials, auxiliary equipment, supporting materials, components, production equipment and tools.

#### 6. *Production services to be provided to the Enlarged Group*

Processing of coarse copper to anode plates, transportation services, construction of production site and installation of related facilities, and sinking and drifting engineering (井巷工程) and other related production services.

#### 7. *Pricing mechanism*

Depending on the products or materials to be supplied to the Enlarged Group and the production services to be provided to the Enlarged Group, the price at which each transaction under the Purchase and Production Services Framework Agreement is to be conducted will be determined on the following basis: (i) according to government-prescribed price; (ii) if there is no applicable government-prescribed price, with reference to the market price; or (iii) if no such market price is available, the cost incurred by the relevant party in providing the products or materials or services plus a charge not exceeding 15% of such cost.

8. *Time and method of payment*

The time and method of payment for each transaction under the Purchase and Production Services Framework Agreement will be determined with reference to market practice.

9. *Historical transaction amounts*

The Parent Company and its subsidiaries had been supplying products and materials and providing production services similar to those set out in the Purchase and Production Services Framework Agreement to members of the Daye Metal Group in the three years ended 31 December 2008, 2009, 2010 and the six months ended 30 June 2011. The aggregate amount paid by members of the Daye Metal Group to the Parent Company and its subsidiaries for such products, materials and services amounted to approximately RMB608,660,000, RMB685,960,000, RMB1,653,230,000 and RMB771,930,000 for the three years ended 31 December 2008, 2009, 2010 and the six months ended 30 June 2011, respectively.

10. *Proposed annual caps*

The Company proposes to adopt the following annual caps for transactions to be entered into pursuant to the Purchase and Production Services Framework Agreement for each of the two years ending 31 December 2012 and 2013:

<b>Annual Cap</b>	
<b>For the year ending 31 December 2012</b>	<b>For the year ending 31 December 2013</b>
RMB4,797,980,000	RMB5,336,080,000

The annual cap for the year ending 31 December 2012 represents an increase of approximately 206% from the aggregate amount paid by members of the Daye Metal Group to the Parent Company and its subsidiaries for the year ended 31 December 2010. Such estimated increase has been determined on the basis of (i) the aggregate amount of RMB1,204,120,000 already paid by members of the Daye Metal Group to the Parent Company and its subsidiaries for the nine months ended 30 September 2011 and the projected amount to be paid for the remaining three months of 2011, taking into account the existing purchase orders placed by the Daye Metal Group; (ii) the projected increase in the amount of materials and services required as a result of the increased production capacity of copper cathodes of the Enlarged Group upon operation of both the new Ausmelt furnace and the new electrowinning system at the smelting plant of the Daye Metal Group in 2012, which are expected to increase the annual production capacity of copper cathodes to 640,000 tonnes when operating at full capacity; (iii) the expected growth in the Enlarged Group's business operations; and (iv) the expected increase in the price of raw material and services fees to be paid by the Enlarged Group.

The annual cap for the year ending 31 December 2013 represents an increase of approximately 11% from the annual cap for the previous year. Such estimated increase has been determined on the basis of (i) the expected growth in the Enlarged Group's business operations; and (ii) the expected increase in the price of raw material and services fees to be paid by the Enlarged Group.

On the basis of the above factors, the Directors (excluding the independent non-executive Directors who will express their views after having considered the advice of the Independent Financial Adviser), are of the view that the proposed annual caps for the transactions under the Purchase and Production Services Framework Agreement are fair and reasonable.

#### *11. Reasons for entering into the Purchase and Production Services Framework Agreement*

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



#### ***D. Hubei Gold Purchase Framework Agreement***

Pursuant to the Hubei Gold Purchase Framework Agreement, Hubei Gold will supply copper concentrates to members of the Enlarged Group.

*1. Date*

23 December 2011

*2. Parties*

(a) the Company

(b) Hubei Gold

*3. Term*

From the date on which the Hubei Gold Purchase Framework Agreement takes effect in accordance with its terms until 31 December 2013.

*4. Termination*

The Hubei Gold Purchase Framework Agreement shall terminate upon the occurrence of the following events:

- (i) consent by both parties to terminate the agreement;
- (ii) occurrence of any force majeure event which renders it impossible to achieve the purpose of the agreement;
- (iii) breach of the agreement by either party, which is not remedied within 30 days upon request by the non-defaulting party;
- (iv) the agreement being declared invalid by the court or other competent authority;
- (v) shares of the Company ceasing to be listed on the Stock Exchange; or
- (vi) Hubei Gold ceasing to constitute a connected person of the Company.

5. *Products to be supplied to the Enlarged Group*

Copper concentrates

6. *Pricing mechanism*

The price at which each transaction under the Hubei Gold Purchase Framework Agreement is to be conducted will be determined with reference to the market price.

7. *Time and method of payment*

The time and method of payment for each transaction under the Hubei Gold Purchase Framework Agreement will be determined with reference to market practice.

8. *Historical transaction amounts*

Hubei Gold had been supplying copper concentrates to members of the Daye Metal Group in the two years ended 31 December 2009 and 2010 and the six months ended 30 June 2011. The aggregate amount paid by members of the Daye Metal Group to Hubei Gold for copper concentrates amounted to approximately RMB49,720,000, RMB83,810,000 and RMB27,790,000 for the two years ended 31 December 2009 and 2010 and the six months ended 30 June 2011, respectively.

9. *Proposed annual caps*

The Company proposes to adopt the following annual caps for transactions to be entered into pursuant to the Hubei Gold Purchase Framework Agreement for each of the two years ending 31 December 2012 and 2013:

<b>Annual Cap</b>	
<b>For the year ending 31 December 2012</b>	<b>For the year ending 31 December 2013</b>
RMB96,810,000	RMB106,500,000

The above annual caps have been determined with reference to (i) the expected increase in the requirement of the Enlarged Group for copper concentrates; and (ii) the expected increase in the prices of copper concentrates.

On the basis of the above factors, the Directors (excluding the independent non-executive Directors who will express their views after having considered the advice of the Independent Financial Adviser), are of the view that the proposed annual caps for the transactions under the Hubei Gold Purchase Framework Agreement are fair and reasonable.

*10. Reasons for entering into the Hubei Gold Purchase Framework Agreement*

The copper concentrates to be provided under the Hubei Gold Purchase Framework Agreement will be important to the Enlarged Group's production of copper cathodes. Given the close geographical proximity of the respective operation of Hubei Gold and the Enlarged Group, the Directors consider that the entering into of the Hubei Gold Purchase Framework Agreement will allow the Enlarged Group to secure a cost effective, timely and stable source of supply of copper concentrates.

***E. Daye Transportation Purchase Framework Agreement***

Pursuant to the Daye Transportation Purchase Framework Agreement, Daye Transportation will supply certain products to members of the Enlarged Group.

*1. Date*

23 December 2011

*2. Parties*

(a) the Company

(b) Daye Transportation

*3. Termination*

The Daye Transportation Purchase Framework Agreement shall terminate upon the occurrence of the following events:

(i) consent by both parties to terminate the agreement;

(ii) occurrence of any force majeure event which renders it impossible to achieve the purpose of the agreement;

- (iii) breach of the agreement by either party, which is not remedied within 30 days upon request by the non-defaulting party;
- (iv) the agreement being declared invalid by the court or other competent authority;
- (v) shares of the Company ceasing to be listed on the Stock Exchange; or
- (vi) Daye Transportation ceasing to constitute a connected person of the Company.

4. *Term*

From the date on which the Daye Transportation Purchase Framework Agreement takes effect in accordance with its terms until 31 December 2013.

5. *Products and materials to be supplied to the Enlarged Group*

Tyres, automobile parts and components, petrol and diesel oil.

6. *Pricing mechanism*

Depending on the products or materials to be supplied to the Enlarged Group, the price at which each transaction under the Daye Transportation Purchase Framework Agreement is to be conducted will be determined with reference to the market price.

7. *Time and method of payment*

The time and method of payment for each transaction under the Daye Transportation Purchase Framework Agreement will be determined with reference to market practice.

8. *Historical transaction amounts*

Daye Transportation had been supplying products and materials similar to those set out in the Daye Transportation Purchase Framework Agreement to members of the Daye Metal Group in the two years ended 31 December 2009, 2010 and the six months ended 30 June 2011. The aggregate amount paid by members of the Daye Metal Group to Daye Transportation for such products and materials amounted to approximately RMB3,530,000, RMB3,260,000 and RMB110,000 for the two years ended 31 December 2009, 2010 and the six months ended 30 June 2011, respectively.

Historically, members of the Daye Metal Group purchased products and materials from Daye Transportation in the second half of each year and made payment to Daye Transportation at the time of delivery of those products and materials. It is also the case for the year ending 31 December 2011. As at 30 September 2011, the aggregate amount paid by members of the Daye Metal Group to Daye Transportation amounted to approximately RMB1,480,000. As such, the total amount of RMB110,000 which has already been paid to Daye Transportation for the six months ended 30 June 2011 is not representative of the aggregate amount to be paid for the entire year of 2011.

9. *Proposed annual caps*

The Company proposes to adopt the following annual caps for transactions to be entered into pursuant to the Daye Transportation Purchase Framework Agreement for each of the two years ending 31 December 2012 and 2013:

<b>Annual Cap</b>	
<b>For the year ending 31 December 2012</b>	<b>For the year ending 31 December 2013</b>
RMB3,950,000	RMB4,350,000

The above annual caps have been determined on the basis of (i) the aggregate amount of RMB1,480,000 already paid by members of the Daye Metal Group to Daye Transportation for the nine months ended 30 September 2011 and the projected amount to be paid for the remaining three months of 2011, (ii) the expected increase in the requirement of the Enlarged Group for tyres, automobile parts and components, petrol and diesel oil; and (iii) the expected increase in the prices of those products and materials.

On the basis of the above factors, the Directors (excluding the independent non-executive Directors who will express their views after having considered the advice of the Independent Financial Adviser), are of the view that the proposed annual caps for the transactions under the Daye Transportation Purchase Framework Agreement are fair and reasonable.

10. *Reasons for entering into the Daye Transportation Purchase Framework Agreement*

Daye Transportation is principally engaged in the provision of transportation services and therefore has access to the supply channels for automobile-related products and materials. The Directors consider that the entering into of the Daye Transportation Purchase Framework Agreement will allow the Enlarged Group to secure a cost effective and stable source of supply of those automobile -related products and materials.

## ***F. Combined Ancillary Services Framework Agreement***

Pursuant to the Combined Ancillary Services Framework Agreement, the Parent Company will and will procure that its subsidiaries will provide certain ancillary services to members of the Enlarged Group.

### *1. Date*

23 December 2011

### *2. Parties*

(a) the Company

(b) the Parent Company

### *3. Term*

From the date on which the Combined Ancillary Services Framework Agreement takes effect in accordance with its terms until 31 December 2013.

### *4. Termination*

The Combined Ancillary Services Framework Agreement shall terminate upon the occurrence of the following events:

- (i) consent by both parties to terminate the agreement;
- (ii) occurrence of any force majeure event which renders it impossible to achieve the purpose of the agreement;
- (iii) breach of the agreement by either party, which is not remedied within 30 days upon request by the non-defaulting party;
- (iv) the agreement being declared invalid by the court or other competent authority;
- (v) shares of the Company ceasing to be listed on the Stock Exchange; or
- (vi) the Parent Company ceasing to constitute a connected person of the Company.

5. *Ancillary services to be provided to the Enlarged Group*

Medical services, employee training services, property management services, building maintenance services, telecommunication and related maintenance services, utility services (including water and electricity) and other related ancillary services.

6. *Pricing mechanism*

Depending on the ancillary services to be provided by the Parent Company and its subsidiaries, the price at which each transaction under the Combined Ancillary Services Framework Agreement is to be conducted will be determined on the following basis: (i) according to government-prescribed price; or (ii) if there is no applicable government-prescribed price, with reference to the market price.

7. *Time and method of payment*

The time and method of payment for each transaction under the Combined Ancillary Services Framework Agreement will be determined with reference to market practice.

8. *Historical transaction amounts*

The Parent Company and its subsidiaries had been providing ancillary services similar to those set out in the Combined Ancillary Services Framework agreement to members of the Daye Metal Group in the three years ended 31 December 2008, 2009, 2010 and the six months ended 30 June 2011. The aggregate amount paid by members of the Daye Metal Group for such ancillary services amounted to approximately RMB43,180,000, RMB282,270,000, RMB302,250,000 and RMB144,400,000 for the three years ended 31 December 2008, 2009, 2010 and the six months ended 30 June 2011, respectively.

9. *Proposed annual caps*

The Company proposes to adopt the following annual caps for transactions to be entered into pursuant to the Combined Ancillary Services Framework Agreement for each of the two years ending 31 December 2012 and 2013:

<b>Annual Cap</b>	
<b>For the year ending 31 December 2012</b>	<b>For the year ending 31 December 2013</b>
RMB501,720,000	RMB660,780,000

The above annual caps have been determined with reference to (i) the historical amounts paid by members of Daye Metal Group for similar ancillary services to the Parent Company and its subsidiaries; (ii) the expected increase in the services to be provided; and (iii) the expected increase in the services fees to be paid by the Enlarged Group in the next few years.

On the basis of the above factors, the Directors (excluding the independent non-executive Directors who will express their views after having considered the advice of the Independent Financial Adviser) are of the view that the proposed annual caps for the transactions under the Combined Ancillary Services Framework Agreement are fair and reasonable.

*10. Reasons for entering into the Combined Ancillary Services Framework Agreement*

The Group or the Target Group currently does not have the capability of providing the ancillary services set out in the Combined Ancillary Services Framework Agreement. The Combined Ancillary Services Framework Agreement will allow the Enlarged 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 Enlarged Group will allow the Enlarged Group to concentrate its resources on its core production operations.

***G. Tonghua Hotel Services Framework Agreement***

Pursuant to the Tonghua Hotel Services Framework Agreement, the Tonghua Hotel will provide certain ancillary services to members of the Enlarged Group.

*1. Date*

23 December 2011

*2. Parties*

(a) the Company

(b) Tonghua Hotel

*3. Term*

From the date on which the Tonghua Hotel Services Framework Agreement takes effect in accordance with its terms until 31 December 2013.



#### 4. *Termination*

The Tonghua Hotel Services Framework Agreement shall terminate upon the occurrence of the following events:

- (i) consent by both parties to terminate the agreement;
- (ii) occurrence of any force majeure event which renders it impossible to achieve the purpose of the agreement;
- (iii) breach of the agreement by either party, which is not remedied within 30 days upon request by the non-defaulting party;
- (iv) the agreement being declared invalid by the court or other competent authority;
- (v) shares of the Company ceasing to be listed on the Stock Exchange; or
- (vi) Tonghua Hotel ceasing to constitute a connected person of the Company.

#### 5. *Services to be provided to the Enlarged Group*

Hotel services, catering services and business conference services.

#### 6. *Pricing mechanism*

The price at which each transaction under the Tonghua Hotel Services Framework agreement is to be conducted will be determined with reference to the market price of such services.

#### 7. *Time and method of payment*

The time and method of payment for each transaction under the Tonghua Hotel Services Framework Agreement will be determined with reference to market practice.

#### 8. *Historical transaction amounts*

Tonghua Hotel had been providing ancillary services similar to those set out in the Tonghua Hotel Services Framework Agreement to members of the Daye Metal Group in the two years ended 31 December 2009, 2010 and six months ended 30 June 2011. The aggregate amount paid by members of the Daye Metal Group for such ancillary services amounted to approximately RMB1,690,000, RMB3,400,000 and RMB1,300,000 for the two years ended 31 December 2009, 2010 and six months ended 30 June 2011, respectively.

9. *Proposed annual caps*

The Company proposes to adopt the following annual caps for transactions to be entered into pursuant to the Tonghua Hotel Services Framework Agreement for each of the two years ending 31 December 2012 and 2013:

<b>Annual Cap</b>	
<b>For the year ending 31 December 2012</b>	<b>For the year ending 31 December 2013</b>
RMB4,110,000	RMB4,530,000

The above annual caps have been determined with reference to (i) the historical amounts paid by members of the Daye Metal Group for similar services provided by Tonghua Hotel; (ii) the projected increase in the services to be provided; and (iii) the expected increase in the services fees to be paid by the Enlarged Group in the next few years as a result of increase in labour costs.

On the basis of the above factors, the Directors (excluding the independent non-executive Directors who will express their views after having considered the advice of the Independent Financial Adviser) are of the view that the proposed annual caps for the transactions under the Tonghua Hotel Services Framework Agreement are fair and reasonable.

10. *Reasons for entering into the Tonghua Hotel Services Framework Agreement*

Given the close geographical proximity of Tonghua Hotel and members of the Enlarged Group, the Directors consider that the entering into of the Tonghua Hotel Services Framework Agreement will allow the Enlarged Group to secure cost effective hotel accommodation and catering and business conference services for its business functions.

**Further information on the Non-Exempt Continuing Connected Transactions**

Based on the aggregate annual caps proposed to be adopted for the Sales Framework Agreement and the Services Framework Agreement, one or more of the Relevant Ratios for the transactions to be carried out pursuant to such agreements is expected to exceed 5%. Hence, such transactions are subject to the reporting, announcement, independent shareholders' approval and annual review requirements as prescribed under Chapter 14A of the Listing Rules.

Based on the aggregate annual caps proposed to be adopted for the Purchase and Production Services Framework Agreement, the Hubei Gold Purchase Framework Agreement and the Daye Transportation Purchase Framework Agreement, one or more of the Relevant Ratios for the transactions to be carried out pursuant to such agreements is expected to exceed 5%. Hence, such transactions are subject to the reporting, announcement, independent shareholders' approval and annual review requirements as prescribed under Chapter 14A of the Listing Rules.

Based on the aggregate annual caps proposed to be adopted for the Combined Ancillary Services Framework Agreement and the Tonghua Hotel Services Framework Agreement, one or more of the Relevant Ratios for the transactions to be carried out pursuant to such agreements is expected to exceed 5%. Hence, such transactions are subject to the reporting, announcement, independent shareholders' approval and annual review requirements as prescribed under Chapter 14A of the Listing Rules.

None of the Directors has a material interest in the Non-Exempt Continuing Connected Transactions. The Directors (excluding the independent non-executive Directors who will express their views after having considered the advice of the Independent Financial Adviser) consider that the Non-Exempt Continuing Connected Transactions will be entered into in the ordinary and usual course of business of the Enlarged Group, on normal commercial terms which will be on arm's length basis or no less favourable to the Enlarged Group than terms available to or from Independent Third Parties, fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **Exempt Continuing Connected Transactions**

### **A. *Land Lease Framework Agreement***

Pursuant to the Land Lease Framework Agreement, the Parent Company will and will procure that its subsidiaries will lease certain parcels of land to members of the Enlarged Group.

#### *1. Date*

23 December 2011

#### *2. Parties*

(a) the Company

(b) the Parent Company

### 3. *Term*

From the date on which the Land Lease Framework Agreement takes effect in accordance with terms until 31 December 2039.

The Directors consider that the term of the Land Lease Framework Agreement is fair and reasonable on the basis that (a) the parcels of land under the Land Lease Framework Agreement, which are currently leased to members of the Daye Metal Group for their production and staff facilities, are located around the Four Mines and the smelting plant of the Daye Metal Group and there are no comparable alternative parcels of land in the proximity; and (b) the rent payable for leasing each parcel of land will be the same for every year during the term of the Land Lease Framework Agreement (please refer to the paragraph headed “pricing mechanism” below).

### 4. *Termination*

The Land Lease Framework Agreement shall terminate upon the occurrence of the following events:

- (i) consent by both parties to terminate the agreement;
- (ii) occurrence of any force majeure event which renders it impossible to achieve the purpose of the agreement;
- (iii) breach of the agreement by either party, which is not remedied within 30 days upon request by the non-defaulting party;
- (iv) the agreement being declared invalid by the court or other competent authority;
- (v) shares of the Company ceasing to be listed on the Stock Exchange; or
- (vi) the Parent Company ceasing to constitute a connected person of the Company.

5. *Pricing mechanism*

The rent at which each transaction under the Land Lease Framework Agreement is to be conducted 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 Enlarged Group from the Parent Company and its subsidiaries are located around the Four Mines and the smelting plant of the Daye Metal Group and there is no comparable land in the proximity and no corresponding market rent available for reference.

6. *Time and method of payment*

The rent under the Land Lease Framework Agreement is payable annually to the designated bank account of the Parent Company or the relevant subsidiary of the Parent Company.

7. *Historical transaction amounts*

The Parent Company and its subsidiaries had leased the parcels of land set out in the Land Lease Framework Agreement to members of the Daye Metal Group for the three years ended 31 December 2010 and the six months ended 30 June 2011. For the two years ended 31 December 2009, the Parent Company and/or its subsidiaries leased the parcels of land to members of the Daye Metal Group free of charge. The aggregate amount paid by members of the Daye Metal Group to the Parent Company for such lease amounted to approximately RMB12,750,000 and RMB6,380,000 for the year ended 31 December 2010 and the six months ended 30 June 2011, respectively.

8. *Proposed annual caps*

The Company proposes to adopt the following annual caps for transactions to be entered into pursuant to the Land Lease Agreement for each of the two years ending 31 December 2012 and 2013:

<b>Annual Cap</b>	
<b>For the year ending 31 December 2012</b>	<b>For the year ending 31 December 2013</b>
RMB23,890,000	RMB23,890,000

The above annual caps have been determined with reference to (i) the expected number of parcels of land to be leased by the Enlarged Group from the Parent Company and its subsidiaries; and (ii) the aggregate rent and taxes and duties payable by the Enlarged Group for leasing those parcels of land.

On the basis of the above factors, the Directors are of the view that the proposed annual caps for the transactions under the Land Lease Framework Agreement are fair and reasonable.

9. *Reasons for entering into the Land Lease Framework Agreement*

The parcels of land under the Land Lease Framework Agreement had been leased to members of the Daye Metal Group by the Parent Company and its subsidiaries in the past for their production and staff facilities. The arrangement would, therefore, enable the Enlarged Group to continue using those parcels of land without disruption to its business operations.

**B. *Daye Labour Purchase and Production Services Framework Agreement***

Pursuant to the Daye Labour Purchase and Production Services Framework Agreement, Daye Labour will and will procure that its subsidiary will supply certain products and materials and provide certain production services to members of the Enlarged Group.

1. *Date*

23 December 2011

2. *Parties*

- (a) the Company
- (b) Daye Labour

3. *Term*

From the date on which the Daye Labour Purchase and Production Services Framework Agreement takes effect in accordance with its terms until 31 December 2013.

4. *Termination*

The Daye Labour Purchase and Production Services Framework Agreement shall terminate upon the occurrence of the following events:

- (i) consent by both parties to terminate the agreement;
- (ii) occurrence of any force majeure event which renders it impossible to achieve the purpose of the agreement;
- (iii) breach of the agreement by either party, which is not remedied within 30 days upon request by the non-defaulting party;
- (iv) the agreement being declared invalid by the court or other competent authority;
- (v) shares of the Company ceasing to be listed on the Stock Exchange; or
- (vi) Daye Labour ceasing to constitute a connected person of the Company.

5. *Products and materials to be supplied to the Enlarged Group*

Iron balls, auxiliary equipment, supporting materials, components, production equipment and tools and labour protection products.

6. *Production services to be provided to the Enlarged Group*

Provision of cleaning services and provision of recycling services of ore.

7. *Pricing mechanism*

Depending on the products or materials to be supplied to the Enlarged Group and the production services to be provided to the Enlarged Group, the price at which each transaction under the Daye Labour Purchase and Production Services Framework Agreement is to be conducted will be determined with reference to the market price.

8. *Time and method of payment*

The time and method of payment for each transaction under the Daye Labour Purchase and Production Services Framework Agreement will be determined with reference to market practice.

9. *Historical transaction amounts*

Daye Labour and its subsidiary had been supplying products and materials and providing production services similar to those set out in the Daye Labour Purchase and Production Services Framework Agreement to members of the Daye Metal Group in the three years ended 31 December 2008, 2009, 2010 and the six months ended 30 June 2011. The aggregate amount paid by members of the Daye Metal Group to Daye Labour and its subsidiary for such products, materials and services amounted to approximately RMB7,130,000, RMB5,190,000, RMB8,160,000 and RMB5,050,000 for the three years ended 31 December 2008, 2009, 2010 and the six months ended 30 June 2011, respectively.

10. *Proposed annual caps*

The Company proposes to adopt the following annual caps for transactions to be entered into pursuant to the Daye Labour Purchase and Production Services Framework Agreement for each of the two years ending 31 December 2012 and 2013:

<b>Annual Cap</b>	
<b>For the year ending 31 December 2012</b>	<b>For the year ending 31 December 2013</b>
RMB9,870,000	RMB10,860,000



The above annual caps have been determined with reference to (i) the existing purchase orders placed by the Daye Metal Group; (ii) the projected increase in the amount of materials and services required as a result of the increased production capacity of the Enlarged Group and the expected growth in the Enlarged Group's business operations; and (iii) the expected increase in the price of raw material and services fees to be paid by the Enlarged Group.

On the basis of the above factors, the Directors are of the view that the proposed annual caps for the transactions under the Daye Labour Purchase and Production Services Framework Agreement are fair and reasonable.

*11. Reasons for entering into the Daye Labour Purchase and Production Services Framework Agreement*

The products and materials and production services to be provided under the Daye Labour Purchase and Production Services Framework Agreement will be important to the Enlarged Group's operations. Given the long-term relationship of Daye Labour, its subsidiary and the Enlarged Group and the close geographical proximity of their respective operations, the Directors consider that the entering into of the Daye Labour Purchase and Production Services Framework Agreement will allow the Enlarged Group to secure a cost effective, timely and stable source of supply of those products and materials and production services.

**Further information on the Exempt Continuing Connected Transactions**

Based on the annual caps proposed to be adopted for each of the Land Lease Framework Agreement and the Daye Labour Purchase and Production Services Framework Agreement, one or more of the Relevant Ratios for the transactions to be carried out pursuant to such agreement is expected to exceed 0.1% but be less than 5%. Hence, such transactions are subject to the reporting, announcement and annual review requirements only and are exempted from the independent shareholders' approval requirement as prescribed under Chapter 14A of the Listing Rules.

The Directors consider that the Exempt Continuing Connected Transactions will be entered into in the ordinary and usual course of business of the Enlarged Group, on normal commercial terms which will be no less favourable to the Enlarged Group than those available to or from Independent Third Parties, fair and reasonable and in the interests of the Company and its shareholders as a whole.

## **Information about the Group, the Parent Company, Hubei Gold, Daye Transportation, Tonghua Hotel and Daye Labour**

The Group is principally engaged in securities trading and investments, property investment, management consultancy, natural resources investment and development and trading in non-ferrous metals.

The Parent Company, a substantial shareholder and therefore a connected person of the Company, is a state-owned conglomerate in China whose principal business is copper mining and processing. It owns, through the Target Group, one of the five largest raw material production bases of copper in the PRC. It 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. It also produces precious metals such as platinum, molybdenum, selenium, lead, nickel and bismuth.

Hubei Gold is a limited liability company established in the PRC. As at the date of this announcement, it is owned, in aggregate, as to 40.2% by the Parent Company and one of its wholly-owned subsidiaries, and therefore constitutes an associate of the Parent Company and a connected person of the Company. Hubei Gold is principally engaged in the mining, production and sales of gold, gold concentrates and copper concentrates.

Daye Transportation is a limited liability company established in the PRC. As at the date of this announcement, it is owned as to 41.01% by a wholly-owned subsidiary of Hubei Jinge, which, in turn, is a 66.88%-owned subsidiary of the Parent Company, and therefore constitutes an associate of the Parent Company and a connected person of the Company. Daye Transportation is principally engaged in the provision of transportation services.

Tonghua Hotel is a limited liability company established in the PRC. As at the date of this announcement, it is owned as to 45% by the Parent Company and therefore constitutes an associate of the Parent Company and a connected person of the Company. Tonghua Hotel is principally engaged in the catering and hotel business.

Daye Labour is a limited liability company established in the PRC. As at the date of this announcement, Daye Labour owns approximately 10.66% equity interest in Daye Industry, a 89.34%-owned subsidiary of Daye Metal, and is therefore a substantial shareholder of Daye Industry. After China Times Completion, Daye Metal and Daye Industry will become subsidiaries of the Company and Daye Labour, by virtue of being a substantial shareholder of Daye Industry, will then become a connected person of the Company. Daye Labour is principally engaged in the production of iron products and labour protection products and provision of cleaning and recycling services.

## General

The Independent Board Committee has been established to advise the Independent Shareholders in relation to the Non-Exempt Continuing Connected Transactions and the Annual Caps. The Independent Financial Adviser has been appointed to advise the Independent Board Committee and the Independent Shareholders in this regard.

At the EGM, an ordinary resolution to approve, inter alia, the Non-Exempt Continuing Connected Transaction Agreements and the Annual Caps will be proposed. China Times, its associates, persons acting in concert with it and any person who is involved or interested in the Acquisition and/or the Whitewash Waiver will abstain from voting in relation to such ordinary resolution.

## DESPATCH OF CIRCULAR

The Circular containing, among other things, (i) further details of the Acquisition; (ii) further information about the Whitewash Waiver; (iii) further details of the Non-Exempt Continuing Connected Transactions; (iv) a letter from the Independent Board Committee with its recommendation to the Independent Shareholders with respect to, among others, the Acquisition, the Whitewash Waiver and the Non-Exempt Continuing Connected Transactions; (v) a letter from the Independent Financial Adviser containing its advice to the Independent Board Committee and the Independent Shareholders with respect to, among others, the Acquisition, the Whitewash Waiver and the Non-Exempt Continuing Connected Transactions; (vi) financial information of the Group and the Target Group; (vii) a property valuation of the Enlarged Group; (viii) a competent person's report on the mineral reserves/resources of the Target Group prepared in accordance with the requirements under Chapter 18 of the Listing Rules; (ix) a valuation report on the mining assets of the Target Group prepared in accordance with the requirements under Chapter 18 of the Listing Rules; (x) a valuation report on the overall assets of the Target Group; and (xi) the notice of the EGM, will be despatched to the shareholders of the Company on 29 December 2011.

Please note that the Circular is printed in two parts that, together, form one and the same circular. Shareholders of the Company who do not receive both parts of the Circular should contact the Company or their stockbroker.

**It should be noted that the Acquisition is subject to a number of conditions which may or may not be fulfilled. In addition, the approval of the new listing application to be made by the Company and the Whitewash Waiver may or may not be granted. Shareholders of the Company and potential investors should exercise caution when they deal or contemplate dealing in the Ordinary Shares or Preference Shares and other securities of the Company.**

## DEFINITIONS

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

“Announcement”	the announcement of the Company dated 1 February 2011 in relation to, among others, the Acquisition and the Whitewash Waiver
“Annual Caps”	the maximum aggregate annual value proposed to be adopted for the Non-Exempt Continuing Connected Transactions for each of the two years ending 31 December 2012 and 2013
“Combined Ancillary Services Framework Agreement”	the combined ancillary services framework agreement dated 23 December 2011 and entered into between the Company and the Parent Company
“Daye Industry”	大冶有色三友實業有限責任公司 (Daye Non-ferrous San You Industry Company Limited), a company incorporated in the PRC with limited liability and a 89.34%-owned subsidiary of Daye Metal
“Daye Labour”	大冶有色金屬公司銅錄山銅鐵礦勞動服務公司 (Daye Nonferrous Metals Tonglushan Mining Labour Services Company), a company incorporated in the PRC with limited liability and is a substantial shareholder of Daye Industry
“Daye Labour Purchase and Production Services Framework Agreement”	the purchase and production services framework agreement dated 23 December 2011 and entered into between the Company and Daye Labour
“Daye Transportation”	大冶有色運輸輪胎有限公司 (Daye Non-ferrous Transportation Tyres Company Limited), a company incorporated in the PRC with limited liability and is owned as to 41.01% by a wholly-owned subsidiary of Hubei Jinge, which, in turn, is a 66.88%-owned subsidiary of the Parent Company
“Daye Transportation Purchase Framework Agreement”	the purchase framework agreement dated 23 December 2011 and entered into between the Company and Daye Transportation

“Exempt Continuing Connected Transactions”	the transactions to be carried out pursuant to the Exempt Continuing Connected Transaction Agreements
“Exempt Continuing Connected Transaction Agreements”	the Land Lease Framework Agreement dated 23 December 2011 and entered into between the Company and the Parent Company and the Daye Labour Purchase and Production Services Framework Agreement dated 23 December 2011 and entered into between the Company and Daye Labour
“Independent Board Committee”	an independent committee of the Board, comprising Wang Qihong, Wang Guoqi and Qui Guanzhou, being all the independent non-executive Directors, formed to make recommendations to the Independent Shareholders in respect of, among others, the Non-Exempt Continuing Connected Transactions (including the Annual Caps)
“Independent Financial Adviser”	Platinum Securities Company Limited, the independent financial adviser to the Independent Board Committee, which is a corporation licensed under the SFO to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities
“Independent Third Party”	an individual or a company who or which is independent of and not connected with (within the meaning of the Listing Rules) any director, chief executive or substantial shareholder of the Company, any of its subsidiaries or any of their respective associates
“Hubei Gold”	湖北雞籠山黃金礦業有限公司 (Hubei Jilong Mountain Gold Mining Co., Ltd.) a company incorporated in the PRC with limited liability and is owned as to 40.2% by the Parent Company
“Hubei Gold Purchase Framework Agreement”	the purchase framework agreement dated 23 December 2011 and entered into between the Company and Hubei Gold
“Hubei Jinge”	湖北金格實業發展有限公司 (Hubei Jinge Industrial Development Company Limited), a company incorporated in the PRC with limited liability and a 66.88%-owned subsidiary of the Parent Company

“Land Lease Framework Agreement”	the land lease framework agreement dated 23 December 2011 and entered into between the Company and the Parent Company
“Long Stop Date”	the date by which the conditions precedent to China Times Completion and/or the conditions precedent to Cinda Completion have to be fulfilled (or, if applicable, waived by the Company) as set out in the Acquisition Agreement
“Non-competition Undertaking”	the non-competition undertaking given by the Parent Company to the Company in the Acquisition Agreement
“Non-Exempt Continuing Connected Transactions”	the transactions to be carried out pursuant to the Non-Exempt Continuing Connected Transaction Agreements
“Non-Exempt Continuing Connected Transactions Agreements”	the Sales Framework Agreement, the Services Framework Agreement, the Purchase and Production Services Framework Agreement, the Hubei Gold Purchase Framework Agreement, the Daye Transportation Purchase Framework Agreement, the Combined Ancillary Services Framework Agreement and the Tonghua Hotel Services Framework Agreement, all of which are dated 23 December 2011 and entered into between the Company on the one hand and the Parent Company or its associates (as the case may be) on the other hand
“Purchase and Production Services Framework Agreement”	the purchase and production services framework agreement dated 23 December 2011 and entered into between the Company and the Parent Company
“Sales Framework Agreement”	the sales framework agreement dated 23 December 2011 and entered into between the Company and the Parent Company
“Second Supplemental Agreement”	the agreement dated 23 December 2011 and entered into between the Company, the Parent Company and China Times, which is supplemental to the Acquisition Agreement
“Services Framework Agreement”	the services framework agreement dated 23 December 2011 and entered into between the Company and the Parent Company
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“subsidiary”	has the meaning ascribed to it under the Listing Rules
“Tonghua Hotel”	黃石市銅花大酒店有限公司 (Huangshi Tonghua Hotel Company Limited), a company incorporated in the PRC with limited liability and is owned as to 45% by the Parent Company
“Tonghua Hotel Services Framework Agreement”	the services framework agreement dated 23 December 2011 and entered into between the Company and Tonghua Hotel

The English names of the Chinese nationals, companies, entities, departments, facilities, certificates, titles and the like are translation of their Chinese names and are included in this Announcement for identification purpose only and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese names prevail.

By order of the Board  
**China Daye Non-Ferrous Metals Mining Limited**  
**Wan Bi Qi**  
*Chairman*

Hong Kong, 23 December 2011

*As at the date of this announcement, the Board comprises three executive directors, namely Mr. Wan Bi Qi (Chairman of the Board), Mr. Chen Xiang and Ms. Yuan Ping; and three independent non-executive directors, namely Mr. Wang Qihong, Mr. Wang Guoqi and Mr. Qiu Quan Zhou.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.*