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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)

REVISION OF ANNUAL CAP FOR CONTINUING CONNECTED TRANSACTIONS

BACKGROUND

Reference is made to the announcement of the Company dated 22 November 2019 in relation to, among other things, the continuing connected transactions under the Asset Lease Framework Agreement between the Company and the Parent Company, pursuant to which, among other things, the Parent Group agreed to lease certain assets (including sulfuric acid tank trucks, sulfuric acid (by tanks), tank trucks, oil tank tubes and university student apartments) to the Group, for a term from 1 January 2020 to 31 December 2022.

REVISION OF THE ANNUAL CAP

In view of the business growth of the Group, the Board anticipates that the Existing Annual Cap will not be sufficient to meet the expected transaction amounts of the Parent Group's lease of assets to the Group under the Asset Lease Framework Agreement for the year ending 31 December 2022. The Board therefore proposes that the Existing Annual Cap be revised and increased to the Revised Annual Cap as set out in the table below:

The Parent Group's lease of assets to the Group

	Year ending 31 December 2022 (RMB'000)
Existing Annual Cap	2,520
Revised Annual Cap	3,200

The above Revised Annual Cap for each of the year ending 31 December 2022 is determined after having taken into account: (i) the present transaction amounts in respect of Parent Group's lease of assets to the Group under the Asset Lease Framework Agreement; (ii) the estimated amount and types of assets required to be leased by the Group for its business operations; and (iii) the expected leasing fees for such assets in the year ending 31 December 2022.

The Board further confirms that the Existing Annual Cap for the year ending 31 December 2022 under the Asset Lease Framework Agreement has not yet been exceeded as at the date of this announcement.

REASONS FOR AND BENEFITS OF THE REVISED ANNUAL CAP

The Directors have been carefully monitoring the historical transacted amounts and estimated demand of the continuing connected transactions under the Asset Lease Framework Agreement. Due to the business growth of the Group, the Board anticipates that the Existing Annual Cap will not be sufficient to meet the expected transaction amounts of the Parent Group's lease of assets to the Group under the Asset Lease Framework Agreement for the year ending 31 December 2022. The Revised Annual Cap will allow the Group to continue to leverage on the Parent Group's assets which the Group requires for its operations.

The Directors (including the independent non-executive Directors) are of the view that the transactions pursuant to the Asset Lease Framework Agreement have been carried out and will continue to be carried out in the ordinary and usual course of business of the Group and are on normal commercial terms, and that the terms of such transactions and the Revised Annual Cap are fair and reasonable and in the interests 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 is deemed to have a material interest in, and has abstained from voting on, the resolution passed by the Board to approve the Revised Annual Cap. Save as disclosed above, none of the Directors has any material interest in, or is required to abstain from voting on the resolution passed by the Board to approve the Revised Annual Cap.

LISTING RULES IMPLICATIONS

As at the date of this announcement, China Times directly held 11,962,999,080 shares of the Company, 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 indirectly interested in approximately 66.85% of the issued share capital of the Company. Therefore, each of China Times and the Parent Company is a connected person of the Company, and the transactions contemplated under the Asset Lease Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to Rule 14A.54 of the Listing Rules, the Company is required to re-comply with the applicable requirements under Chapter 14A of the Listing Rules due to the revision of the annual cap(s).

As the highest applicable percentage ratio in respect of the Revised Annual Cap under the Asset Lease Framework Agreement exceeds 0.1% but is less than 5%, the revision of the annual cap under the Asset Lease Framework Agreement regarding the Parent Group's lease of assets to the Group 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.

GENERAL INFORMATION

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.

The Parent Group

The Parent Company is 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, ore processing, smelting and plating, research and development, design to sales and trading.

DEFINITIONS

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

“Asset Lease Framework Agreement”	the asset lease framework agreement dated 22 November 2019 and entered into between the Company and the Parent Company, further details of which are set out in the announcement of the Company dated 22 November 2019
“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“China Times”	China Times Development Limited, a company incorporated in the British Virgin Islands with limited liability and the immediate controlling Shareholder
“Company”	China Daye Non-Ferrous Metals Mining Limited (Stock Code: 661), a company incorporated in Bermuda with limited liability, the shares of which are listed on the Main Board of the Stock Exchange
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	directors of the Company
“Existing Annual Cap”	the existing annual cap in respect of the Parent Group’s lease of assets to the Group under the Asset Lease Framework Agreement for the year ending 31 December 2022 as disclosed in the announcement of the Company dated 22 November 2019
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Parent Company”	Daye Nonferrous Metals Group Holding Co., Ltd.* (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

“Parent Group”	the Parent Company and its subsidiaries
“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 Administrative Region of the People’s Republic of China and Taiwan
“Revised Annual Cap”	the revised annual cap in respect of the Parent Group’s lease of assets to the Group under the Asset Lease Framework Agreement for the year ending 31 December 2022
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent

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

Hong Kong, 11 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.*