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中國大冶有色金屬礦業有限公司

China Daye Non-Ferrous Metals Mining Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 00661)

**CONTINUING CONNECTED TRANSACTION IN RELATION
TO YANGXIN HONGSHENG SERVICES FRAMEWORK
AGREEMENT 2023 ANNUAL CAP EXCEEDED AND
REVISION OF ANNUAL CAPS**

Reference is made to the announcement of the Company dated 22 November 2022 (the “**Announcement**”) in relation to, among other things, Yangxin Hongsheng Services Framework Agreement. Unless otherwise defined, capitalized terms used herein shall have the same meanings as those defined in the Announcement.

Exceeded the Annual Cap for the year ended 31 December 2023

Pursuant to the Yangxin Hongsheng Services Framework Agreement, the Group will provide certain services to Yangxin Hongsheng. In the course of carrying out regular review for the status of the continuing connected transactions in January 2024, the Company noticed that the 2023 actual transaction amount for the year ended 31 December 2023 under the Yangxin Hongsheng Services Framework Agreement reached RMB20,350,000, which had exceeded the annual cap for the year ended 31 December 2023 of RMB16,400,000 in the Yangxin Hongsheng Services Framework Agreement. As at 31 December 2023, the highest applicable percentage ratios under the Listing Rules in respect of the Yangxin Hongsheng Services Framework Agreement was less than 5%. As set out in the section headed “Internal Control” in the Announcement, the Company will monitor the continuing connected transactions and summarise the transaction amounts incurred under each of the connected transaction framework agreements regularly on a monthly basis, and reports will be submitted to the Board for its monthly review. The exceeding of the annual cap was mainly attributable to the increase in number of technical services personnel dispatched by Daye Metal to Yangxin Hongsheng and the additional overtime pays temporarily incurred for the actual work done by the technical services personnel. The additional overtime pays were not included in the transaction amount due to insufficient understanding of the nature of additional overtime pay, which caused the transaction amount to exceed the annual caps. The inadvertent mistake was not discovered until the Group carried out regular review for the status of the continuing connected transactions during January 2024. This data may ultimately be different after the year end audit.

The Directors consider that the exceeding of the annual cap of the Yangxin Hongsheng Services Framework Agreement for the year ending 31 December 2023 was an inadvertent oversight and an isolated event. The Company will take the steps mentioned below to strengthen internal control and prevent recurrence of the relevant incidents. The internal audit team of the Company will strengthen the aforesaid measures of internal control as part of its plan for continuous work. The Group will strengthen the training for its employees and the communication among the departments of the Company. The Company will review the list of continuing connected transactions on a monthly basis, and will report to the Board and the audit committee of the Company monthly to ensure continued compliance with applicable requirements of the Listing Rules in the future.

Revision of annual caps for the Yangxin Hongsheng Services Framework Agreement

In view of the annual cap for the year ended 31 December 2023 having been exceeded and considering the increase in number of technical services personnel and the temporary increase in overtime pay for actual work will continue to occur in the foreseeable future, the Board resolved to revise the annual caps for the years ending 31 December 2024 and 2025 for the transactions as contemplated under the Yangxin Hongsheng Services Framework Agreement as follows:

	Year ending 31 December 2024 <i>(RMB'000)</i>	Year ending 31 December 2025 <i>(RMB'000)</i>
Existing annual caps	16,400	16,400
Revised annual caps	21,000	21,000

The historical transaction amount under the Yangxin Hongsheng Services Framework Agreement for the year ended 31 December 2023 was approximately RMB20,350,000.

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.

The above revised 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) the expected volume of services to be provided to Yangxin Hongsheng; (iii) the expected amount of services fees to be received by the Group in the next two years ending 2025; and (iv) the increase in number of technical services personnel dispatched by Daye Metal to Yangxin Hongsheng and the additional overtime pays temporarily incurred for the actual work done by the technical services personnel.

The Directors (including the independent non-executive Directors) are of the view that the amount of the revised annual caps for the two years ending 31 December 2025 for the Yangxin Hongsheng Services Framework Agreement are fair and reasonable and in the interests of the Group and the Shareholders as a whole. None of the Directors had any material interest in, or is required to abstain from voting on the resolutions passed by the Board to approve the adoption of the revised annual caps.

Listing Rules Implications

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

As at the date of this announcement, China Times directly held 11,962,999,080 Shares, representing approximately 66.85% of the issued share capital of the Company, and is a wholly owned subsidiary of the Parent Company. Accordingly, the Parent Company is a controlling shareholder of the Company indirectly interested in approximately 66.85% of the issued share capital of the Company, and CNMC is the controlling shareholder of the Parent Company holding approximately 57.99% of the equity interests in the Parent Company. Therefore, each of China Times, the Parent Company and CNMC is a connected person of the Company. Yangxin Hongsheng is owned by Daye Metal as to 52.00%, China No. 15 Metallurgical (a wholly-owned subsidiary of CNMC) as to 24%, Huangshi Xingang Development as to 12% and Huangshi State-owned Assets Management as to 12%, respectively. Accordingly, Yangxin Hongsheng is a connected subsidiary of the Company. As a result, the transactions contemplated under the Yangxin Hongsheng Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As the highest applicable percentage ratio in respect of the revised annual caps 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.

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

Hong Kong, 9 February 2024

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