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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)**

**PLACING OF EXISTING SHARES  
AND  
SUBSCRIPTION FOR NEW SHARES**

**Placing Agent**



**招商證券(香港)有限公司**  
CHINA MERCHANTS SECURITIES (HK) CO., LTD.

On 18 November 2009, the Vendor entered into the Placing and Subscription Agreement with the Placing Agent and the Company respectively. Pursuant to the Placing and Subscription Agreement, the Placing Agent agreed to place, on a best efforts basis, an aggregate of up to 440,000,000 existing Shares at the Placing Price of HK\$0.64 per Placing Share and the Vendor conditionally agreed to subscribe for the Subscription Shares at the Placing Price.

The Placing Price of HK\$0.64 represents (i) a discount of approximately 18.99% to the closing price of HK\$0.790 per Share as quoted on the Stock Exchange on the Last Trading Date; (ii) a discount of approximately 19.19% to the average closing price per Share of HK\$0.792 as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement; and (iii) a discount of approximately 16.67% to the average closing price per Share of HK\$0.768 as quoted on the Stock Exchange for the last ten consecutive trading days prior to the date of this announcement.

The Placing Shares represent (i) approximately 8.54% of the existing issued share capital of the Company of 5,151,679,552 Shares as at the date of this announcement; and (ii) approximately 7.87% of the issued share capital of the Company of 5,591,679,552 Shares as enlarged by the Subscription.

The Subscription is conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares; (ii) completion of the Placing; (iii) the Company obtaining all consents and approvals from the relevant authorities, if applicable, to allot and issue the Subscription Shares.

The gross proceeds from the Subscription is expected to be approximately HK\$281.6 million, subject to the outcome of the Placing.

The Subscription is a connected transaction for the Company but is exempt from approval by the independent Shareholders under the Listing Rules if the Subscription is completed within 14 days after the date of Placing and Subscription Agreement, that is, on or before 2 December 2009.

At the request of the Company, trading in the Shares and the Preference Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 18 November 2009 pending the release of this announcement. The Company has applied for the resumption of trading in the Shares and the Preference Shares on the Stock Exchange with effect from 9:30 a.m. on 23 November 2009.

## **THE PLACING AND SUBSCRIPTION AGREEMENT**

### **Date**

18 November 2009

### **Parties Involved**

The Placing Agent, the Company and the Vendor

## **The Placing**

### ***Placing Agent***

The Placing Agent will receive a placing commission of 1.5% on the gross proceeds of the Placing, which was arrived at after arm's length negotiation between the Company and the Placing Agent with reference to the market rate.

To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, the Placing Agent and its ultimate beneficial owners are independent of and not connected with (i) the Vendor and their respective associates; and (ii) the Company and its associates and connected persons.

### **Placees**

The Placing Agent agreed to place the Placing Shares on a best efforts basis, to not less than six Placees who and whose ultimate beneficial owners will be third parties independent of (i) each of the Vendor and their respective associates; and (ii) the Company and its associates and connected persons. Immediately after the completion of the Placing, none of the Placees will become a substantial Shareholder.

### **Placing Price**

The Placing Price of HK\$0.64 represents:

- (i) a discount of approximately 18.99% to the closing price of HK\$0.790 per Share as quoted on the Stock Exchange on the Last Trading Date;
- (ii) a discount of approximately 19.19% to the average closing price per Share of approximately HK\$0.792 as quoted on the Stock Exchange for the last five consecutive trading days prior to the date of this announcement; and
- (iii) a discount of approximately 16.67% to the average closing price per Share of approximately HK\$0.768 as quoted on the Stock Exchange for the last ten consecutive trading days prior to the date of this announcement.

The Placing Price was determined with reference to the prevailing market price of the Shares and was negotiated on an arm's length basis between the Company and the Placing Agent. The Directors (including the independent non-executive Directors) consider that the terms of the Placing, including the placing commission, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The aggregate net Placing Price, after deduction of placing commission and all other fees and expenses, subject to the outcome of the Placing, is expected to be approximately HK\$276 million.

### **The Placing Shares**

The Placing Shares represent (i) approximately 8.54% of the existing issued share capital of the Company of 5,151,679,552 Shares as at the date of this announcement; and (ii) approximately 7.87% of the issued share capital of the Company of 5,591,679,552 Shares as enlarged by the Subscription.

### **Rights**

The Placing Shares are fully paid and were sold free from any liens, charges, encumbrances, claims, options and other third-party rights together with all rights attaching thereto at the date of the Placing Agreement.

### **Ranking of the Placing Shares**

The Placing Shares rank pari passu among themselves and with Shares in issue as at the date of this announcement.

## **Termination Rights**

The Placing Agent may terminate the Placing and Subscription Agreement by notice in writing to the Company and the Vendor at any time before the completion of the Placing on 23 November 2009 or such other date as agreed by the Vendor and the Placing Agent, if, among others, there develops, occurs or comes into force:

- (i) the occurrence of any event, development or change (whether or not permanent or local, national or international) and including an event or change in relation to or a development of an existing state of affairs of a political, military, industrial, financial, economic, regulatory or other nature, resulting in a material and adverse change in political, economic, fiscal, financial, regulatory or stock market conditions of Hong Kong and which in the reasonable opinion of the Placing Agent would materially and adversely affect the success of the Placing or make it impracticable or inadvisable or inexpedient to proceed therewith;
- (ii) the imposition of any moratorium, suspension or material restriction on trading in securities generally or in the Shares on the Stock Exchange due to exceptional financial circumstances or otherwise which in the reasonable opinion of the Placing Agent would materially and adversely affect the success of the Placing; and
- (iii) any new law or regulation or change in existing laws or regulations and if in the reasonable opinion of the Placing Agent any such new law or change has or is likely to have a material and adverse effect on the business or financial prospects of the Group as a whole and/or the success of the Placing.

## **Completion of the Placing**

The Placing is expected to be completed on or before 25 November 2009 or such other date as agreed by the Vendor and the Placing Agent.

## **The Subscription**

### ***The Subscription Price***

The Subscription Price is HK\$0.64 per Subscription Share, which is the same as the Placing Price.

## **Number of Subscription Shares**

The number of Subscription Shares is the same as the number of Placing Shares.

## **Ranking of the Subscription Shares**

The Subscription Shares, when allotted, issued and fully paid, will rank pari passu among themselves and with Shares in issue at the time of issue and allotment of the Subscription Shares.

## **The Subscription Shares**

The Subscription Shares will be issued under the General Mandate to allot, issue and deal with Shares granted to the Directors by resolution of the Shareholders passed at the AGM which authorised the Directors to allot and issue a maximum of 1,030,335,910 Shares. Up to the date of this announcement, no Shares have been issued under the General Mandate and the total number of new Shares that can be allotted and issued under the General Mandate is therefore 1,030,335,910 Shares.

## **Conditions of the Subscription**

The Subscription is conditional upon:

- (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Subscription Shares;
- (ii) the Company obtaining all consents and approvals from the relevant authorities, if applicable, in respect of the entering into of the Placing and Subscription Agreement and the transactions contemplated therein; and
- (iii) completion of the Placing.

## **Completion**

The Vendor is a controlling shareholder of the Company and the Subscription is a connected transaction for the Company but is exempt from approval by the independent Shareholders under the Listing Rules if the Subscription is completed within 14 days after the date of Placing and Subscription Agreement, that is, on or before 2 December 2009.

In the event that the conditions of the Subscription are not fulfilled by 2 December 2009, the Subscription shall terminate and all rights, obligations and liabilities of the parties to the Placing and Subscription Agreement in relation to the Subscription shall be null and void.

## **REASONS FOR AND BENEFITS OF THE PLACING AND THE SUBSCRIPTION AND USE OF PROCEEDS**

Subject to the outcome of the Placing, the gross proceeds from the Subscription is expected to be approximately HK\$281.6 million. The net proceeds from the Subscription is expected to be approximately HK\$276 million which will be used as general working capital of the Company. The Placing and the Subscription will enlarge the capital base of the Company and enable it to further expand its business and operations.

The Directors believe that the terms of the Placing and the Subscription are fair and reasonable and in the interests of the Shareholders as a whole.

## **FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS**

Save for receipt of approximately HK\$2,850,000 as net proceeds from placing of the warrants issued by the Company in May 2009, the proceeds of which are used as general working capital of the Group, there was no other fund raising activity engaged by the Company in the past twelve months immediately prior to the date of this announcement.

## EFFECTS ON SHAREHOLDING STRUCTURE

Assuming all the Placing Shares are placed under the Placing and Subscription Agreement, the shareholding structure of the Company before and after the Placing and the Subscription will be as follows respectively:

Shareholders	As at the date of this announcement		Immediately after completion of the Placing but before the Subscription		Immediately after completion of the Subscription	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
The Vendor ( <i>Note 1</i> )	1,552,116,988	30.12	1,112,116,988	21.58	1,552,116,988	27.76
Zhang He ( <i>Note 2</i> )	23,100,000	0.45	23,100,000	0.45	23,100,000	0.41
Wang Qihong ( <i>Note 2</i> )	1,500,000	0.03	1,500,000	0.03	1,500,000	0.03
Wang Guoqi ( <i>Note 2</i> )	600,000	0.01	600,000	0.01	600,000	0.01
Public:						
(i) Placee(s)	–	–	440,000,000	8.54	440,000,000	7.87
(ii) Other public shareholders	<u>3,574,362,564</u>	<u>69.39</u>	<u>3,574,362,564</u>	<u>69.39</u>	<u>3,574,362,564</u>	<u>63.92</u>
Total	<u><u>5,151,679,552</u></u>	<u><u>100</u></u>	<u><u>5,151,679,552</u></u>	<u><u>100</u></u>	<u><u>5,591,679,552</u></u>	<u><u>100</u></u>

### Notes:

1. Mr. Wang Jian Sheng and Hubei Daye Non-Ferrous Metals Co. respectively holds 50.09% and 49.89% of the issued share capital of the Vendor.
2. Mr. Zhang He, Mr. Wang Qihong and Mr. Wang Guoqi are directors of the Company.

## **GENERAL INFORMATION**

The Vendor is a controlling shareholder of the Company. Both the Vendor and the Company are investment holding companies and their principal business include securities trading and investments, and natural resources investment and development.

Application will be made by the Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Shares.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares and the Preference Shares on the Stock Exchange was suspended with effect from 9:30 a.m. on 18 November 2009 pending the release of this announcement. The Company has applied for the resumption of trading in the Shares and the Preference Shares on the Stock Exchange with effect from 9:30 a.m. on 23 November 2009.

## **DEFINITIONS**

“AGM”	the Annual General Meeting of the Company held on 20 October 2009
“associates”	has the meaning ascribed thereto under the Listing Rules
“Company”	China Daye Non-Ferrous Metals Mining Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
“connected persons”	has the meaning ascribed thereto under the Listing Rules
“controlling shareholder”	has the meaning ascribed thereto under the Listing Rules
“Directors”	directors of the Company
“General Mandate”	the mandate granted to the Directors by the Shareholders at the AGM to allot, issue and deal with up to 20% of the then issued share capital of the Company as at the date of the AGM

“Group”	the Company and its subsidiaries
“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Last Trading Date”	17 November 2009, being the last trading day for the Shares before the suspension of trading in the shares pending the publication of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Placee(s)”	any institutional or other professional investor(s) or any of their respective subsidiaries or associates procured by the Placing Agent to subscribe for any of the Placing Shares pursuant to the Placing Agent’s obligation under the Placing and Subscription Agreement
“Placing”	the placing of the Placing Shares beneficially owned by the Vendor pursuant to the terms of the Placing and Subscription Agreement
“Placing Agent”	China Merchants Securities (HK) Co., Ltd.
“Placing and Subscription Agreement”	the placing and subscription agreement among the Vendor, the Company and the Placing Agent dated 18 November 2009 in relation to the Placing and Subscription
“Placing Price”	HK\$0.64 per Placing Share
“Placing Shares”	an aggregate of up to 440,000,000 existing Shares beneficially owned by the Vendor and to be placed pursuant to the Placing and Subscription Agreement
“Preference Share(s)”	preference share(s) of HK\$1.00 each in the share capital of the Company

“Shareholders”	holder(s) of the Share(s)
“Share(s)”	ordinary share(s) of HK\$0.05 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription”	the subscription of the Subscription Shares by the Vendor pursuant to the terms of the Placing and Subscription Agreement
“Subscription Price”	HK\$0.64 per Subscription Share
“Subscription Share(s)”	such number of new Shares to be subscribed for by the Vendor pursuant to the Placing and Subscription Agreement equivalent to the number of existing Shares sold by the Vendor
“trading day(s)”	has the meaning ascribed thereto under the Listing Rules
“Vendor”	China Times Development Limited, a company incorporated with limited liability in the British Virgin Islands
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 20 November 2009

*As at the date of this announcement, the Board comprises four executive directors, namely Mr. Wan Bi Qi (Chairman of the Board), Mr. Zhang He, 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.*