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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **METALLURGICAL CORPORATION OF CHINA LTD.\***, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**METALLURGICAL CORPORATION OF CHINA LTD. \***  
**中國冶金科工股份有限公司**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

(Stock Code: 1618)

**PROPOSED APPROVAL OF THE PROPOSAL OF THE REPORT ON  
FINAL ACCOUNTS OF THE COMPANY FOR THE YEAR 2018  
PROPOSED APPROVAL OF THE PROPOSAL OF PROFIT DISTRIBUTION  
PLAN OF THE COMPANY FOR THE YEAR 2018  
PROPOSED APPROVAL OF THE PROPOSAL OF THE EMOLUMENTS OF  
DIRECTORS AND SUPERVISORS OF THE COMPANY FOR THE YEAR 2018  
PROPOSED APPROVAL OF THE PROPOSAL OF THE PLAN OF  
GUARANTEES TO BE PROVIDED BY THE COMPANY FOR THE YEAR 2019  
PROPOSED APPROVAL OF THE PROPOSAL OF APPOINTMENT OF  
THE AUDITOR AND INTERNAL CONTROL AUDITOR OF  
THE COMPANY FOR THE YEAR 2019  
PROPOSED APPROVAL OF THE PROPOSAL OF GRANT OF GENERAL  
MANDATE TO THE BOARD OF DIRECTORS TO ISSUE SHARES  
PROPOSED APPROVAL OF THE PROPOSAL OF AMENDMENTS TO  
THE ARTICLES OF ASSOCIATION  
AND  
PROPOSED APPROVAL OF THE PROPOSAL OF THE PLAN OF  
REGISTRATION AND ISSUANCE OF DOMESTIC BONDS OF  
THE COMPANY FOR THE YEAR 2019**

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A letter from the Board of Directors of the Company is set out on pages 1 to 16 of this circular.

A notice convening the AGM (as defined in this circular) to be held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the PRC, on Wednesday, 26 June 2019 at 2:00 p.m., is set out on pages 56 to 58 of this circular. If you intend to appoint a proxy to attend the AGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), not less than 24 hours before the time fixed for the holding of the AGM or any adjourned meeting thereof (excluding any public holiday). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or at any adjourned meeting thereof should you so wish.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the accompanying reply slip to Computershare Hong Kong Investor Services Limited (for holders of H Shares) on or before Thursday, 6 June 2019.

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## DEFINITIONS

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

“A Shares”	means domestic shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB;
“AGM”	means the 2018 annual general meeting of the Company to be convened and held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the PRC, on Wednesday, 26 June 2019 at 2:00 p.m.;
“Articles of Association”	means the articles of association of the Company;
“Board” or “Board of Directors”	means the board of directors of the Company;
“Company” or “MCC”	means Metallurgical Corporation of China Ltd.* (中國冶金科工股份有限公司), a joint stock company with limited liability incorporated under the laws of the PRC on 1 December 2008, and (unless the context requires otherwise) all of its subsidiaries;
“Director(s)”	means the director(s) of the Company, including all executive, non-executive and independent non-executive directors;
“Group”	means the Company and all of its subsidiaries;
“H Shares”	means overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are listed on the Hong Kong Stock Exchange;
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Listing Rules”	means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“Notice”	means the notice convening the AGM;

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## DEFINITIONS

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“PRC”	means the People’s Republic of China, but for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“RMB”	means Renminbi, the lawful currency of the PRC;
“Shareholders”	means shareholders of the Company;
“Shares”	means share(s) of the Company with a nominal value of RMB1.00 each, which refer(s) to both A Shares and H Shares;
“Supervisors”	means the supervisors of the Company;
“Supervisory Committee”	means the supervisory committee of the Company; and
“Two Funds”	means the accounts receivables and inventories.



**METALLURGICAL CORPORATION OF CHINA LTD. \***

**中國冶金科工股份有限公司**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

(Stock Code: 1618)

*Directors:*

Mr. Guo Wenqing *(Executive Director)*  
Mr. Zhang Zhaoxiang *(Executive Director)*  
Mr. Zhou Jichang *(Independent Non-executive Director)*  
Mr. Yu Hailong *(Independent Non-executive Director)*  
Mr. Ren Xudong *(Independent Non-executive Director)*  
Mr. Chan Ka Keung, Peter *(Independent Non-executive Director)*  
Mr. Lin Jinzhen *(Non-executive Director)*

*Registered Office/Principal place of business in the PRC:*

MCC Tower  
No. 28 Shuguang Xili  
Chaoyang District  
Beijing, 100028  
People's Republic of China

*Principal place of business in Hong Kong:*

Room 3205, 32/F  
Office Tower Convention Plaza  
1 Harbour Road, Wanchai  
Hong Kong

10 May 2019

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED APPROVAL OF THE PROPOSAL OF THE REPORT ON FINAL ACCOUNTS OF THE COMPANY FOR THE YEAR 2018**  
**PROPOSED APPROVAL OF THE PROPOSAL OF PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR THE YEAR 2018**  
**PROPOSED APPROVAL OF THE PROPOSAL OF THE EMOLUMENTS OF DIRECTORS AND SUPERVISORS OF THE COMPANY FOR THE YEAR 2018**  
**PROPOSED APPROVAL OF THE PROPOSAL OF THE PLAN OF GUARANTEES TO BE PROVIDED BY THE COMPANY FOR THE YEAR 2019**  
**PROPOSED APPROVAL OF THE PROPOSAL OF APPOINTMENT OF THE AUDITOR AND INTERNAL CONTROL AUDITOR OF THE COMPANY FOR THE YEAR 2019**  
**PROPOSED APPROVAL OF THE PROPOSAL OF GRANT OF GENERAL MANDATE TO THE BOARD OF DIRECTORS TO ISSUE SHARES**  
**PROPOSED APPROVAL OF THE PROPOSAL OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION**  
**AND**  
**PROPOSED APPROVAL OF THE PROPOSAL OF THE PLANS OF REGISTRATION AND ISSUANCE OF DOMESTIC BONDS OF THE COMPANY FOR THE YEAR 2019**

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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The AGM will be held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the PRC, on Wednesday, 26 June 2019 at 2:00 p.m. The Notice set out in this circular contains details of the resolutions to be proposed at the AGM. The proxy form and reply slip for the AGM are enclosed with this circular.

### **1. PROPOSED APPROVAL OF THE PROPOSAL OF THE REPORT ON FINAL ACCOUNTS OF THE COMPANY FOR THE YEAR 2018**

According to the requirements of the Ministry of Finance of the PRC, the State-owned Assets Supervision and Administration Commission of the State Council, the China Securities Regulatory Commission, the Shanghai Stock Exchange, the Hong Kong Stock Exchange and institutions at higher levels of the Company for the annual financial report, the Company has completed the preparation work for the financial report for the year 2018, which was audited by Deloitte Touche Tohmatsu CPA LLP (Special General Partnership), and a standard unqualified audit report was issued.

Major indicators of the final accounts of the Company for the year 2018 are as follows:

#### **(1) Revenue and profit**

In 2018, the operating revenue increased by RMB45,530 million to RMB289,530 million, representing a year-on-year growth of 18.7%. Total profit increased by RMB550 million to RMB9,520 million, representing a year-on-year increase of 6.1%. Net profit increased by RMB860 million to RMB7,570 million, representing a year-on-year increase of 12.8%. Net profit attributable to the parent company increased by RMB310 million to RMB6,370 million, representing a year-on-year increase of 5.1%.

#### **(2) Cash flows**

In 2018, net cash inflow generated from operating activities amounted to RMB14,050 million, representing a year-on-year decrease of inflow of RMB4,370 million. In 2018, net cash outflow generated from investing activities amounted to RMB11,740 million, representing a year-on-year decrease of outflow of RMB6,540 million. In 2018, net cash outflow generated from financing activities amounted to RMB5,930 million, representing a year-on-year increase of outflow of RMB3,830 million.

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## LETTER FROM THE BOARD

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### (3) Assets and liabilities

As of the end of 2018, total assets of the Company increased by RMB24,450 million to RMB438,920 million, representing an increase of 5.9% over the end of previous year. Total liabilities increased by RMB18,830 million to RMB336,250 million, representing an increase of 5.9% over the end of previous year. Net assets increased by RMB5,620 million to RMB102,670 million, representing an increase of 5.8% over the end of previous year. Gearing ratio was 76.6%, representing an increase of 0.1 percentage point over the end of previous year.

For detailed financial data for the year ended 31 December 2018, please refer to the section headed “financial report” in the 2018 annual report of the Company.

The proposal has been considered and approved at the 2nd meeting of the third session of the Board of the Company, and will be proposed for consideration and approval at the 2018 AGM of the Company.

## 2. PROPOSED APPROVAL OF THE PROPOSAL OF PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR THE YEAR 2018

According to the 2018 audited annual financial report of the Company, the net profit attributable to the Shareholders of the listed company in the consolidated statements of MCC for the year 2018 amounted to RMB6,371.5799 million, and the undistributed profit of the head office of MCC amounted to RMB2,071.0704 million. Based on the total number of 20,723,619,170 Shares in the total Share capital, the Board proposed to distribute a cash dividend of RMB0.7 per 10 Shares (tax inclusive) that added up to a total amount of RMB1,450.65 million, representing 70.04% of the total distributable profit and 22.77% of the net profit attributable to the Shareholders of listed company in the consolidated statements, by adopting the way of cash dividend distribution. Upon distribution, the remaining distributable profit amounted to RMB620.42 million.

The proposal has been considered and approved at the 2nd meeting of the third session of the Board of the Company, and will be proposed for consideration and approval at the 2018 AGM of the Company.

## LETTER FROM THE BOARD

### 3. PROPOSED APPROVAL OF THE PROPOSAL OF THE EMOLUMENTS OF DIRECTORS AND SUPERVISORS OF THE COMPANY FOR THE YEAR 2018

According to the relevant requirements of the Articles of Association, the emoluments of the Directors and the Supervisors for the year ended 31 December 2018 are set out below:

#### Directors' and Supervisors' emoluments

*Unit: RMB*

Name	Basic salaries, housing allowances, other allowances and benefits-in-kind	Pension scheme contributions (Pension insurance borne by the Company)	Performance remuneration	Total annual remuneration	Remark
<b>Directors</b>					
Guo Wenqin <sup>(1)</sup>	0	0	0	0	Incumbent
Zhang Zhaoxiang <sup>(1)</sup>	0	0	0	0	Incumbent
Jing Tianliang	144,040.00	0	0	144,040.00	Resigned
Yu Hailong	172,355.00	0	0	172,355.00	Incumbent
Ren Xudong	160,355.00	0	0	160,355.00	Incumbent
Chan Ka Keung, Peter	166,355.00	0	0	166,355.00	Incumbent
Lin Jinzhen	484,512.00	55,311.66	510,420.00	1,050,243.66	Incumbent
<b>Supervisors</b>					
Yan Aizhong	672,102.00	55,311.66	133,830.00	861,243.66	Resigned
Peng Haiqing <sup>(2)</sup>	0	0	0	0	Resigned
Shao Bo <sup>(3)</sup>	160,816.00	13,177.26	72,740.00	246,733.26	Resigned

*Note (1):* Mr. Guo Wenqing and Mr. Zhang Zhaoxiang have been working in China Minmetals Corporation since July 2016, and did not receive remuneration in the Company at the end of 2018 due to change in employment relations.

*Note (2):* Mr. Peng Haiqing has been assigned to China Minmetals Corporation since April 2017 in relation to labour relations and employment relations. He did not receive remuneration in the Company at the end of 2018.

*Note (3):* Mr. Shao Bo has been assigned to China Minmetals Corporation since April 2018 in relation to labour relations and employment relations. The above data refers to the remuneration received from the Company during the period from January to March 2018.

The proposal has been considered and approved at the 2nd meeting of the third session of the Board of the Company, and will be proposed for consideration and approval at the AGM.



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## LETTER FROM THE BOARD

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#### **4. PROPOSED APPROVAL OF THE PROPOSAL OF THE PLAN OF GUARANTEES TO BE PROVIDED BY THE COMPANY FOR THE YEAR 2019**

The Board proposed that the Company and its subsidiaries provide guarantees of up to RMB23,421 million (or its equivalent in foreign currency, same as below) in 2019 for the purposes of satisfying the requirements of the Company and its subsidiaries for financing by way of guarantees and ensuring their normal production, operation and basic construction.

##### **A. The general guarantee plan to be provided by the head office of the Company and its subsidiaries for the year 2019**

The Company and its subsidiaries plan to provide guarantees of up to RMB19,421 million (exclusive of the letters of guarantee to be provided by MCC Finance Corporation Ltd.) for the year 2019, representing 23.14% of the audited net assets of the Company attributable to the Shareholders of the listed company as at the end of 2018, which specifically include:

- (a) the guarantees intended to be provided by the head office of MCC for its subsidiaries amounting to not more than RMB11,131 million;
- (b) the guarantees to be provided by subsidiaries of MCC for the units which fall within the scope of consolidated statements of MCC amounting to not more than RMB8,290 million.

Guarantees under the above guarantee plan include security, mortgage, pledge, lien and deposit as stipulated in the Security Law of the People's Republic of China in the form of general line of credit, loan, letter of guarantee, commercial note and trade financing, etc., and the period of such guarantees will be subject to the financing needs of the guaranteed parties and the guarantee agreements to be entered into.

Within the scope of the annual guarantee plan, with the guarantor being unchanged, the guarantee amount for the guaranteed parties, being wholly-owned subsidiaries, may be shared with other wholly-owned subsidiaries and the guarantee amount for the guaranteed parties, being controlling subsidiaries, may be shared with other controlling subsidiaries.

##### **B. The letters of guarantee to be issued by MCC Finance Corporation Ltd.**

The amounts of letters of guarantee and acceptance bills expected to be issued by MCC Finance Corporation Ltd. to the Company and its subsidiaries will be in an aggregate amount of RMB4 billion for the year 2019 (representing 4.77% of the audited net assets of the Company attributable to the Shareholders of the listed company at the end of 2018), which can be adjusted for use within the amount of the above guarantee plan.

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## LETTER FROM THE BOARD

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### **C. Term of the guarantee plan**

The above guarantee plan shall have a term from the date on which it is approved at the 2018 AGM to the convening date of the 2019 AGM.

A total of 46 guaranteed companies are involved in the guarantees under the guarantee plan, including 7 second-tier subsidiaries and 39 third-tier or below subsidiaries of the Company.

### **D. Authorization to approve specific guarantee business under the guarantee plan**

The Board has resolved to seek a general authorization at the AGM of the Company to authorize the Company's president office to approve each specific guarantee business within the scope of the guarantee plan as described below for the Company and its subsidiaries:

- (a) to authorize the Company's president office to approve the specific guarantee business and adjustment matter under the guarantee plan within the scope of the guarantee plan by MCC and its subsidiaries (exclusive of MCC Finance Corporation Ltd.);
- (b) to authorize MCC Finance Corporation Ltd. to use the amount under letters of guarantee and acceptance bills within the scope of the guarantee plan.

The proposal has been considered and approved at the 2nd meeting of the third session of the Board of the Company, and will be proposed for consideration and approval at the AGM.

Details of the above proposals are set out in the overseas regulatory announcement in relation to the guarantee plan of the Company published on the Hong Kong Stock Exchange's and the Company's websites on 29 March 2019.

## **5. PROPOSED APPROVAL OF THE PROPOSAL OF APPOINTMENT OF THE AUDITOR AND INTERNAL CONTROL AUDITOR OF THE COMPANY FOR THE YEAR 2019**

The Board proposed to appoint Deloitte Touche Tohmatsu CPA LLP (Special General Partnership) as the auditor and the internal control auditor of the Company for the year 2019 and proposed to authorize the Board to determine their remunerations. The resolution has been considered and approved at the 3rd meeting of the third session of the Board of the Company, and will be proposed for consideration and approval at the AGM.

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## LETTER FROM THE BOARD

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### 6. PROPOSED APPROVAL OF THE PROPOSAL OF GRANT OF GENERAL MANDATE TO THE BOARD OF DIRECTORS TO ISSUE SHARES

In order to satisfy the Company's business need for sustainable development, and flexibly and effectively leverage on the financing platforms of both Shanghai and Hong Kong, the Board shall, in accordance with the relevant laws and regulations of the PRC, the listing rules of the place where the securities of the Company are listed, and the Articles of Association, propose at the AGM by way of special resolution to approve the grant of general mandate to the Board to issue Shares.

In respect of such general mandate, the authorization is defined as:

A. Subject to the conditions set out in paragraphs (a), (b) and (c) below, the Board be and is hereby unconditionally granted all powers and authorities of the Company to separately or concurrently allot, issue and/or deal with additional A Shares and/or H Shares, and to make or grant offers, agreements, options or conversion rights in respect thereof:

(a) such mandate shall not extend beyond the Relevant Period save that the Board of Directors during the Relevant Period makes or grants offers, agreements, options or conversion rights which might require the exercise of such offers, agreements, options or conversion rights upon or after the end of the Relevant Period;

For the purposes of this resolution, "Relevant Period" means the period from the date of the passing of this resolution until the earliest of:

- (1) the conclusion of the next annual general meeting of the Company following the passing of this resolution;
- (2) the date of expiration of the 12-month period following the passing of this resolution;
- (3) the date on which the authority granted to the Board by this resolution is revoked or varied by a special resolution of the Shareholders of the Company in any general meeting.

(b) the number of the A Shares and/or H Shares to be allotted, issued and/or dealt with or agreed conditionally or unconditionally to be allotted, issued and/or dealt with by the Board shall not exceed 20% of the number of each of the A Shares and/or H Shares of the Company in issue as at the date of passing this resolution;

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## LETTER FROM THE BOARD

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- (c) the Board will only exercise its power under such mandate in accordance with the laws and regulations of the PRC, the listing rules of the place where the securities of the Company are listed and all applicable laws, regulations and rules of any other government or regulatory authorities (as amended from time to time) and only if all necessary approvals from the China Securities Regulatory Commission and other relevant PRC government authorities are obtained.
- B. Contingent on the Board resolving to allot, issue and deal with Shares pursuant to this resolution, the Board be and is hereby authorized to approve, execute and deal with or procure to be executed and dealt with, all such documents, deeds and matters as it may consider necessary in connection with the issuance of, allotment of and dealing with such Shares including, but not limited to, determining the size of the issue, the issue price, the use of proceeds from the issue, the target of the issue, the place and time of the issue, issuance arrangement by tranche, making all necessary applications to relevant authorities, entering into any agreements, and making all necessary registrations and filings with relevant regulatory authorities in the PRC and Hong Kong.
- C. The Board of Directors be and is hereby authorized to make such amendments to the Articles of Association as it thinks appropriate and necessary in due course so as to reflect the new share capital structure and registered capital of the Company by reference to the actual situations, such as the manner of the issuance, class and number of Shares the Company issued, as well as the share capital structure of the Company following such issuance; and to take any other necessary actions and to go through any necessary procedures (including but not limited to obtaining approvals from relevant regulatory authorities and completing registration and filing procedures with the department in charge of industrial and commercial administration) to give effect to the issuance of Shares under this resolution.
- D. For the purpose of enhancing efficiency of the decision-making process, it is proposed to the general meeting that the Board shall, subject to the obtaining of the above mandate, delegate the Chairman such mandate to deal with and handle all matters in relation to the allotment and issuance of Shares.

In accordance with the relevant domestic laws and regulations of the PRC, the Board shall still be required to submit any specific matters in respect of the issuance of A Shares to all Shareholders at the general meeting for consideration and approval even if it has obtained the above general mandate.

The resolution has been considered and approved at the 3rd meeting of the third session of the Board of the Company, and will be proposed for consideration and approval at the AGM.

## LETTER FROM THE BOARD

### 7. PROPOSED APPROVAL OF THE PROPOSAL OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION

According to the relevant regulatory requirements of the “Decision on Amendments to Guidelines on Articles of Association of Listed Companies” issued by the China Securities Regulatory Commission and taking into consideration the actual situation of the Company, the Company proposes to make amendments to certain provisions in its Articles of Association, particulars of which are as follows:

The original articles	The articles after amendments
<p>Article 30 <u>In the following circumstances, the Company, upon approval by the relevant governing authorities of the PRC, may repurchase its issued Shares in accordance with laws and regulations and provisions under the Articles of Association:</u></p> <p>(1) <u>to cancel Shares for the purpose of registered capital reduction;</u></p> <p>(2) <u>to amalgamate with other companies which own Shares in the Company;</u></p> <p>(3) <u>to reward employees of the Company with Shares;</u></p> <p>(4) <u>to acquire Shares held by Shareholders (upon their request) who vote against any resolution proposed at any General Meeting on the merger or division of the Company; and</u></p> <p>(5) <u>other situations permitted by laws and regulations.</u></p>	<p>Article 30 <u>In the following circumstances, the Company may repurchase its Shares in accordance with laws, administrative regulations, departmental rules and provisions under the Articles of Association:</u></p> <p>(1) <u>to reduce the registered capital of the Company;</u></p> <p>(2) <u>to amalgamate with other companies which own Shares in the Company;</u></p> <p>(3) <u>to use Shares in the employee stock ownership plan or as equity incentive;</u></p> <p>(4) <u>to acquire Shares held by Shareholders (upon their request) who vote against any resolution proposed at any General Meeting on the merger or division of the Company;</u></p> <p>(5) <u>to use Shares to satisfy the conversion of corporate bonds convertible into Shares issued by the Company;</u></p> <p>(6) <u>to safeguard corporate value and Shareholders' equity as the Company deems necessary.</u></p> <p>Save as the above conditions, the Company shall not repurchase its Shares.</p>

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## LETTER FROM THE BOARD

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<b>The original articles</b>	<b>The articles after amendments</b>
<p data-bbox="280 289 820 406">Article 31 <u>The Company may, with the approval of the relevant governing authorities of PRC, repurchase its Shares in any of the following ways:</u></p> <p data-bbox="280 463 820 534">(1) <u>to make a repurchase offer to all Shareholders in proportion to their respective shareholdings;</u></p> <p data-bbox="280 591 820 661">(2) <u>to repurchase Shares through public trading at the stock exchanges;</u></p> <p data-bbox="280 719 820 789">(3) <u>to repurchase Shares by way of agreement other than through a stock exchange; and</u></p> <p data-bbox="280 846 820 917">(4) <u>Other ways as permitted by relevant regulatory authorities.</u></p>	<p data-bbox="849 289 1394 406">Article 31 <u>The Company may repurchase its Shares through public and centralized trading or other methods as permitted by laws and regulations and the CSRC.</u></p> <p data-bbox="849 463 1394 661">Where the Company repurchases its own Shares in the circumstances set out in clauses (3), (5) and (6) of the first paragraph of Article 30 of the Articles of Association, such repurchase shall be conducted through public and centralized trading method.</p>

## LETTER FROM THE BOARD

The original articles	The articles after amendments
<p>Article 32 Where the Company repurchases its Shares <u>for the reasons set out in clauses (1) to (3) of Article 30 of the Articles of Association</u>, it shall be subject to approval at the General Meeting.</p> <p>In the event that the Company has repurchased its Shares in accordance with Article 30, such Shares shall be cancelled within 10 days in the circumstance set out in clause (1), or shall be transferred or cancelled within 6 months in the circumstances set out in clauses (2) and (4).</p> <p><u>Where the Company repurchases its Shares pursuant to clause (3) of Article 30, the number of such Shares shall not exceed 5% of the total issued Shares of the Company. The capital used for repurchase shall be financed by the profit after tax of the Company, and such repurchased Shares shall be transferred to employees within one year.</u></p>	<p>Article 32 Where the Company repurchases its Shares <u>in the circumstances set out in clauses (1) and (2) of the first paragraph of Article 30 of the Articles of Association</u>, it shall be subject to approval at the General Meeting.</p> <p><u>Where the Company repurchases its Shares in the circumstances set out in clauses (3), (5) and (6) of the first paragraph of Article 30 of the Articles of Association, it may be resolved by more than two-thirds of directors present at a meeting of the Board of Directors in accordance with the provisions of the Articles of Association or the authorization of the General Meeting.</u></p> <p>In the event that the Company has repurchased its Shares in accordance with <u>the first paragraph of Article 30</u>, such Shares shall be cancelled within 10 days in the circumstance set out in clause (1), or shall be transferred or cancelled within 6 months in the circumstances set out in clauses (2) and (4); <u>the aggregate number of Shares held by the Company shall not exceed 10% of the total issued Shares of the Company, and shall be transferred or cancelled within 3 years in the circumstances set out in clauses (3), (5) and (6).</u></p> <p><u>Where the relevant laws and regulations and the securities regulators and the stock exchanges of the places where the Shares of the Company are listed provide otherwise in relation to the aforementioned Share repurchase and cancellation, such provisions shall prevail.</u></p>

## LETTER FROM THE BOARD

The original articles	The articles after amendments
<p>Article 67 The Company shall hold the General Meeting in the address of the Company or such other place specifically notified by the convener of the General Meeting.</p> <p>The General Meeting will be held at the meeting venue and take place in the form of on-site meeting. The Company will also provide <u>online transmission or other methods</u> to facilitate the Shareholders' participation in the General Meeting. When attending the General Meeting in the aforesaid manner, the Shareholders shall be considered as present at the General Meeting.</p>	<p>Article 67 The Company shall hold the General Meeting in the address of the Company or such other place specifically notified by the convener of the General Meeting.</p> <p>The General Meeting will be held at the meeting venue and take place in the form of on-site meeting. The Company will also provide <u>online voting</u> to facilitate the Shareholders' participation in the General Meeting. When attending the General Meeting in the aforesaid manner, the Shareholders shall be considered as present at the General Meeting.</p>
<p>Article 147 ... Such committees are accountable to the Board and are all composed of members of the Board. In particular, in the Finance and Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee, Independent Directors shall represent a majority of committee members and serve as the conveners; in the Finance and Audit Committee, at least one of the Independent Directors shall be an accounting professional and at least one Independent Director shall be equipped with appropriate professional qualifications as required by the listing rules of the Main Board or other equivalent expertise in accounting or financial management. When necessary, the Board may establish other committees and restructure existing ones. The Board shall separately formulate the working rules for such committees with respect to their duties and meeting procedures.</p>	<p>Article 147 ... Such committees are accountable to the Board and are all composed of members of the Board. In particular, in the Finance and Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee, Independent Directors shall represent a majority of committee members and serve as the conveners; in the Finance and Audit Committee, at least one of the Independent Directors shall be an accounting professional <u>who shall serve as the convener</u>, and at least one Independent Director shall be equipped with appropriate professional qualifications as required by the listing rules of the Main Board or other equivalent expertise in accounting or financial management. When necessary, the Board may establish other committees and restructure existing ones. The Board shall separately formulate the working rules for such committees with respect to their duties and meeting procedures.</p>
<p>Article 172 A person holding any position other than <u>director in the controlling Shareholder or actual controller</u> of the Company shall not be appointed as a senior management member of the Company.</p>	<p>Article 172 A person holding any <u>executive position</u> other than <u>director or supervisor in the controlling Shareholder</u> of the Company shall not be appointed as a senior management member of the Company.</p>

The resolution has been considered and approved at the 3rd meeting of the third session of the Board of the Company, and will be proposed for consideration and approval at the AGM.



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## LETTER FROM THE BOARD

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### **8. PROPOSED APPROVAL OF THE PROPOSAL OF THE PLAN OF REGISTRATION AND ISSUANCE OF DOMESTIC BONDS OF THE COMPANY FOR THE YEAR 2019**

To lower the financing interest rate and optimize the capital structure, the Board proposes to consider and approve the plan of registration and issuance of domestic bonds of the Company for the year 2019 by way of special resolution at the AGM. The details are set out below:

1. The Company plans to make an application to the National Association of Financial Market Institutional Investors for the registration of debt financing instruments (DFI), and the issuance of perpetual mid-term notes (mid-term notes with rights for long-term bonds) of not exceeding RMB25 billion, ordinary mid-term notes of not exceeding RMB10 billion and short-term financing bills (including ultra short-term financing bills) of not exceeding RMB20 billion (through rolling issuance). It will be issued by tranches within the validity period.
2. The Company plans to make an application to the Shanghai Stock Exchange for the registration of corporate bonds, and the issuance of renewable corporate bonds and corporate bonds of not exceeding RMB25 billion and RMB10 billion, respectively, totaling RMB35 billion. It will be issued by tranches within the validity period.
3. The Company plans to file with the National Development and Reform Commission of the PRC the registration and issuance of enterprise bonds of not exceeding RMB10 billion. It will be issued by tranches within the validity period.
4. It is proposed to the general meeting to authorize the Board to deal with the specific terms and matters of the bond issuance and to agree the Board to further authorize the president's office of the Company to deal with all matters in relation to the bond issuance in accordance with the resolution of the general meeting and the authorization from the Board. The authorizations above shall be effective from the date of approval at the general meeting till the date of completion of the aforesaid authorized matters.

The resolution has been considered and approved at the 2nd meeting of the third session of the Board of the Company, and will be proposed for consideration and approval at the AGM.

### **9. PERFORMANCE REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Pursuant to the Articles of Association, the independent non-executive Directors shall issue a performance report at the Company's AGM. Such report will be submitted to the Shareholders for consideration but not for the Shareholders' approval. The performance report of the independent non-executive Directors of the Company is set out in Appendix I to this circular for the Shareholders' reference.

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## LETTER FROM THE BOARD

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### The AGM

The AGM will be held for the purposes of, among other things, considering and approving the following resolutions by the Shareholders:

- (1) the proposal in relation to the “Work Report of the Board of MCC for the Year 2018” (see Appendix II)
- (2) the proposal in relation to the “Work Report of the Supervisory Committee of MCC for the Year 2018” (see Appendix III)
- (3) the proposal in relation to the report on final accounts of the Company for the year 2018 (as set out in the 2018 annual report of the Company)
- (4) the proposal in relation to the profit distribution plan of the Company for the year 2018
- (5) the proposal in relation to the emoluments of Directors and Supervisors of the Company for the year 2018
- (6) the proposal in relation to the plan of guarantees to be provided by the Company for the year 2019
- (7) the proposal in relation to the appointment of the auditor and internal control auditor of the Company for the year 2019
- (8) the proposal in relation to the grant of general mandate to the Board of Directors to issue Shares
- (9) the proposal in relation to the amendments to the Articles of Association
- (10) the proposal in relation to the plan of registration and issuance of domestic bonds of the Company for the year 2019

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## LETTER FROM THE BOARD

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### **CLOSURE OF H SHARES REGISTER OF MEMBERS**

In order to ascertain the Shareholders who will be qualified to attend and vote at the AGM, the H Shares register of members of the Company will be closed from Monday, 27 May 2019 to Wednesday, 26 June 2019, both days inclusive. All completed transfer documents together with the relevant share certificate(s) must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 p.m. on Friday, 24 May 2019 for registration. Details of the AGM are set out in the Notice dated 10 May 2019.

A form of proxy and reply slip applicable for the AGM are enclosed with this circular. If you intend to appoint a proxy to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon. In order to be valid, the form of proxy together with the power of attorney or other authorization document (if any) shall be deposited at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the AGM (excluding any public holiday). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

For information purpose, holders of H Shares who intend to attend the AGM in person or by proxy shall return the reply slip to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before Thursday, 6 June 2019 by hand, by post or by fax (Fax: (852) 2865 0990).

### **VOTING BY WAY OF POLL**

In accordance with the Articles of Association and the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. As such, the resolutions set out in the Notice will be voted by way of poll. Voting results will be uploaded to the website of the Company ([www.mccchina.com](http://www.mccchina.com)) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as soon as possible after the conclusion of the AGM.

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## LETTER FROM THE BOARD

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### GENERAL RECOMMENDATION

The Directors are of the opinion that the proposed resolutions set out in the Notice are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of these proposed resolutions.

Yours faithfully

By order of the Board

**Metallurgical Corporation of China Ltd.\***

**Guo Wenqing**

*Chairman and executive Director*

\* *For identification purposes only*

**PERFORMANCE REPORT OF  
THE INDEPENDENT NON-EXECUTIVE DIRECTORS OF  
METALLURGICAL CORPORATION OF CHINA LTD.\* FOR THE YEAR 2018**

Dear Shareholders and Shareholders' representatives,

In 2018, as the independent Directors of the second session of the Board of Metallurgical Corporation of China Ltd.\* (“MCC” or the “Company”), we exercised our powers and functions independently and responsibly in strict compliance with the relevant laws and regulations such as the “Company Law of the People’s Republic of China”, the “Guidelines for Introducing Independent Directors to the Board of Directors of Listed Companies” (《關於在上市公司建立獨立董事的指導意見》) and the “Certain Provisions in Respect of Strengthening the Protection of Interests of Public Shareholders” (《關於加強社會公眾股股東權益保護的若干規定》), as well as the rules and regulations including the “Articles of Association of Metallurgical Corporation of China Ltd.”, and the “Rules for the Work of Independent Directors of Metallurgical Corporation of China Ltd.” (《中國冶金科工股份有限公司獨立董事工作制度》) and with a diligent and conscientious working attitude. We timely understood the production and operating information of the Company, cared about its overall development, actively attended its Board meetings and meetings of the special committees, participated in major business decisions and gave our opinions on significant events independently, objectively and prudently, and fully demonstrated the independence of independent Directors, which effectively exercised our role as independent Directors, protected the interests of the Company as a whole and safeguarded the legitimate interests of all Shareholders, in particular, the minority Shareholders. Major work performed during for the year 2018 is summarized as follows:

**I. BASIC INFORMATION ABOUT INDEPENDENT DIRECTORS**

**(I) Biographies**

The second session of the Board of the Company consists of seven members, three of whom are independent Directors, including:

Director Yu Hailong currently serves as a member of the Finance and Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee of the Board, as well as the convener of the Remuneration and Appraisal Committee. Director Yu Hailong also serves as an independent director of China State Construction Engineering Corporation Limited (中國建築股份有限公司) and Shenzhen Overseas Chinese Town Co., Ltd. (深圳華僑城股份有限公司).

Director Ren Xudong currently serves as a member of the Nomination Committee and the Remuneration and Appraisal Committee of the Board, as well as the convener of the Nomination Committee. Director Ren Xudong also serves as the managing vice president and deputy secretary of the Communist Party Committee of China Nonferrous Metals Industry Association (中國有色金屬工業協會), an independent director of Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd. (深圳市中金嶺南有色金屬股份有限公司), an external director of China Aerospace Science and Industry Corporation Limited (中國航天科工集團有限公司) and an external director of China Reform Holdings Corporation Ltd. (中國國新控股有限公司).

Director Chan Ka Keung, Peter, currently serves as a member and the convener of the Finance and Audit Committee of the Board. Director Chan Ka Keung, Peter, also serves as an independent director of CRRC Corporation Limited (中國中車股份有限公司) (prior to May 2018) and an independent director of China Railway Signal & Communication Corporation Limited (中國鐵路通信信號股份有限公司) (subsequent to August 2018).

The detailed biographies of independent Directors are set out in the 2018 annual report of the Company.

## **(II) Independence**

Neither independent Directors nor their immediate relatives and any persons with major social relationship with them are employed by the Company or its subsidiaries, nor hold either directly or indirectly 1% or more of the issued Shares of the Company. None of them are amongst the top ten Shareholders of the Company, nor hold office in Shareholder entities holding either directly or indirectly 5% or more of the issued Shares of the Company, nor hold office in the top five Shareholders entities of the Company.

None of the independent Directors provides financial, legal, management consultancy, technical consultancy and other services to the Company or its subsidiaries, or has acquired any other additional benefits from the Company, its substantial Shareholders or interested institutions or employees that have not been disclosed.

Accordingly, all independent Directors are equipped with independence as required by the “Guidelines for Introducing Independent Directors to the Board of Directors of Listed Companies” (《關於在上市公司建立獨立董事制度的指導意見》) issued by the China Securities Regulatory Commission and there is no event which may have impact on their independence.

**II. OVERVIEW OF THE PERFORMANCE OF DUTIES BY INDEPENDENT DIRECTORS FOR THE YEAR**

In 2018, the Board of the Company proactively expanded the communication channels and promoted the optimization of an information-sharing system to ensure that independent Directors were able to keep abreast of true and reliable information in a timely, comprehensively and complete manner, thus safeguarding the effective performance of the duties by independent Directors. With the active support and assistance from the Company at all levels, all independent Directors diligently discharged their duties and effectively fulfilled the duties prescribed by laws and regulations.

**(1) Guarantee of duty performance by independent Directors**

Firstly, in the course of operation of the Board, the Company further requires its departments and subsidiaries to create a favorable environment and conditions for independent Directors to perform their duties, and to regularly submit the information in relation to the operation of the Company to each independent Director. The advice and opinions on the production and operation of the Company made by independent Directors are fully respected, carefully listened to, humbly accepted and properly adopted, so as to promote the sound development of businesses of the Company.

Secondly, prior to the consideration of significant events such as strategic management and control, major investment and financing, financial budget and final accounts, audit and internal control, management's examination and remuneration, sufficient time is reserved for prior comprehensive study by the special committees of the Board to form special audit opinions and the conveners of each of the special committees to give their opinions at the Board meetings, thereby giving prominence to professional discussion and consultation function of the special committees and improving the scientific decision-making of the Board.

Thirdly, through means such as participating in training, study, researches and surveys, independent Directors could constantly enhance their duty performance ability, which provides support for the Board to make decisions in a scientific manner.

**(2) Actively attending various meetings and fulfilling the duties of independent Directors**

**1. Shareholders' general meetings**

On 26 June 2018, the Company convened the 2017 annual general meeting, and Ren Xudong and Chan Ka Keung, Peter, being the independent Directors, attended the meeting.

**2. Board meetings**

In 2018, the Company convened 14 Board meetings in total, including 5 meetings held by way of on-site meeting and 9 meetings held through communication tools. The Board considered proposals and heard reports totalling 89 and passed 70 resolutions.

Each independent Director attended in person or duly appointed other independent Directors according to laws on their behalf to attend the above-mentioned meetings, the details of which are as follow:

<b>Name</b>	<b>Number of attendance at Board meetings required for the year</b>	<b>Number of meetings attended in person</b>	<b>Number of attendance through communication tools</b>	<b>Number of meetings attended by proxy</b>	<b>Number of absence</b>
Yu Hailong	14	14	9	0	0
Ren Xudong	14	14	9	0	0
Chan Ka Keung, Peter	14	14	9	0	0

Prior to the meetings, each independent Director carefully considered the relevant documents, raised concerns and issues in a timely manner and communicated with the management or relevant departments of the Company to make a deep understanding of situations and to obtain information. At the meetings, they earnestly considered each issue, actively participated in discussions, provided recommendations and opinions, and expressed independent views on all decisions made by the Board. Meanwhile, the independent Directors exercised their voting rights independently, thereby ensuring the independence of decision-making of the Board.



**3. Meetings of special committees of the Board**

The participation of independent Directors in special committees is as follows:

<b>Special Committee</b>	<b>Members</b>	<b>Independent Director</b>	<b>Convener</b>
Finance and Audit Committee	3	Yu Hailong and Chan Ka Keung, Peter	Chan Ka Keung, Peter
Nomination Committee	3	Yu Hailong and Ren Xudong	Ren Xudong
Remuneration and Appraisal Committee	3	Yu Hailong and Ren Xudong	Yu Hailong

In 2018, the above special committees held 11 meetings in total, at which 37 topics were discussed. Among which, the Finance and Audit Committee held 7 meetings, at which 33 issues were considered and discussed; the Nomination Committee held 2 meetings, at which 2 issues were studied and discussed; and the Remuneration and Appraisal Committee held 2 meetings, at which 2 issues were studied and discussed.

The attendance of each independent Director is as follows:

<b>Name</b>	<b>Number of meetings of special committees attended during the year</b>	<b>Finance and Audit Committee</b>	<b>Nomination Committee</b>	<b>Remuneration and Appraisal Committee</b>
		<i>(Times)</i>	<i>(Times)</i>	<i>(Times)</i>
Yu Hailong	11	7	2	2
Ren Xudong	7	3 (attended as a non-voting delegate) <sup>1</sup>	2	2
Chan Ka Keung, Peter	7	7	—	—

<sup>1</sup> Ren Xudong as an independent Director attended a total of three meetings of the Finance and Audit Committee as a non-voting delegate.

In the course of performing their duties in the above special committees, all independent Directors leveraged on their respective professional knowledge, management experience and qualification and adhered to the professional ethics of diligence to provide professional opinions and constructive advice on the appointment of auditors, auditing of the Company's annual financial report, key financial indicators and financial report of the Company, implementation of internal control system and performance appraisal of senior management and emolument distribution, thereby providing reference for the decision-making of the Board and ensuring that the decision-making of the Board is objective, fair and scientific.

**(3) Earnestly considering significant matters and prudently issuing opinions**

In 2018, each independent Director earnestly reviewed the matters submitted to the Board for decision, in particular, significant matters requiring special attention of independent Directors, and expressed independent views or issued explanations on the following matters in accordance with relevant laws and regulations:

1. The "Proposal in Relation to the Profit Distribution Plan of MCC for the Year 2017" (the 36th meeting of the second session of the Board)
2. The "Proposal in Relation to the Emoluments of Directors and Supervisors of MCC for the Year 2017" (the 36th meeting of the second session of the Board)
3. The "Proposal in Relation to Temporary Use of Idle Funds Raised from IPO of A Shares as Supplementary Working Capital" (the 36th meeting of the second session of the Board)
4. The "Proposal in Relation to the Use of Idle Funds Raised from H Share Issuance as Supplementary Working Capital" (the 36th meeting of the second session of the Board)
5. The "Proposal in Relation to the Plan of Guarantees to be Provided by MCC for the Year 2018" (the 36th meeting of the second session of the Board)
6. The "Explanation Regarding the Situation of Guarantees of MCC for the Year 2017" (the 36th meeting of the second session of the Board)
7. The "Proposal in Relation to the Appointment of Vice President of MCC" (the 37th meeting of the second session of the Board)

8. The “Proposal in Relation to the Appointment of Vice President of MCC” (the 39th meeting of the second session of the Board)
  9. The “Proposal on Daily Connected Transactions for 2018 to 2019 and the Entering into of Connected Transactions Agreement Between Subsidiaries of MCC and MCC Amperex” (the 40th meeting of the second session of the Board)
  10. The “Proposal in Relation to the Non-daily Connected Transactions on Commencement of Asset Securitization Business of Property Charges Between MCC Real Estate and Minmetals Securities” (the 45th meeting of the second session of the Board)
  11. The “Proposal in Relation to the Adjustment of Annual Caps for the Daily Connected Transactions/Continuing Connected Transactions for 2018 to 2019” (the 45th meeting of the second session of the Board)
  12. The “Proposal in Relation to the Establishment of a Joint-stock Project Company by MCC Consortium to Implement the PPP Project of Nayong-Qinglong Expressway and Liu’an Expressway in Guizhou” (the 48th meeting of the second session of the Board)
- (4) Actively conducting on-site investigation and strengthening an in-depth understanding of operating conditions**

From 21 July to 23 July 2018, Yu Hailong, Ren Xudong and Chan Ka Keung, Peter as independent Directors of the Company travelled to Nanjing and Ma’anshan to conduct investigation, research and guidance work and received work reports from Huatian Engineering & Technology Corporation, MCC, China MCC 17 Group Co., Ltd., a Nanjing company of MCC Real Estate Group Co., Ltd., and initiated on-site inspection of certain projects.

During the period of investigation and research at Huatian Engineering & Technology Corporation, MCC, independent Directors received reports on the strategic objectives, business layout, transformation and upgrade, development initiatives and others of Huatian Engineering & Technology Corporation, MCC, and initiated on-site inspection of a sewage treatment plant in Chuzhou and the Project for Comprehensive Governance of Water Environment in Lai’an. Independent Directors expressed high appreciation of the development strategies and transformation results of Huatian Engineering & Technology Corporation, MCC, and stated that Huatian Engineering & Technology Corporation, MCC accurately, firmly and properly grasped the opportunity of reform development and put it in place, closely focused on the two key points, namely technological innovation and talent cultivation, changed the corporate structure in a timely fashion and yielded good results in business transformation. For the next step, Huatian Engineering & Technology Corporation, MCC should continue to adapt to market demands, increase investment in right areas, remove bottleneck constraints, and strive to raise contract conversion rate and achieve the progressive target of “developing large-scale, powerful and innovative research institutes” while increasing contract amount.

During the period of investigation and research at China MCC 17 Group Co., Ltd., independent Directors learned about the Company in detail in such areas as history and development, production and operation, corporate management, development pathways and team building, and initiated on-site inspection of the vocational skills training base of China MCC 17 Group Co., Ltd., and the Municipal Renovation and Construction Works Project of Underground Utility Tunnel and Provincial Highway 314 (Bowang Avenue) in Bowang District, Ma'anshan City. Independent Directors were of the view that China MCC 17 Group Co., Ltd. maintained a good development momentum in recent years, gave full play to labor and technical advantages through resource integration and achieved satisfactory results in market development, business layout, project management and other aspects, thereby realizing positive corporate development. Independent Directors required China MCC 17 Group Co., Ltd. to keep on seizing market opportunities, in particular, the market opportunities arising from “Belt and Road” and study on how to explore overseas markets more effectively under the new situation; in the meantime, it consistently controlled and optimized the “Two Funds” structure, set the pace and stringently monitored risks.

During the period of investigation and research at the Nanjing company of MCC Real Estate Group Co., Ltd., independent Directors received reports on the development of Binjiang Project in Xiaguan District of Nanjing, and initiated on-site inspection of Nanjing MCC • Shengshi Binjiang Project, Nanjing MCC • Jinxiu Huafu Project, etc. During the period of investigation and research, all independent Directors highly recognized the fruitful achievements of the projects, and would like that all cadres and employees could promote the pragmatic and profound MCC spirit of “make progress everyday, and do not slacken the pace”, develop the projects into beautiful sceneries of Nanjing city, and contribute to the local economic and social development while maximizing values of the projects.

### **III. KEY CONCERNS ON THE PERFORMANCE OF DUTIES BY INDEPENDENT DIRECTORS FOR THE YEAR**

In 2018, each independent Director performed the duties of independent Directors diligently and in good faith, attended meetings as scheduled, comprehensively and timely studied the business development of the Company, conducted investigation and research on specific matters in due course, such as the production and operation, financial management, internal control system establishment, utilization of proceeds, connected transactions, and daily operations, and heard specific reports from relevant officers in order to obtain information and materials required for decision-making and to point out potential risks that the Company may face. Meanwhile, independent Directors utilized their own knowledge and background in the course of performance of routine duties to provide constructive opinions to the development and standardized operation of the Company and actively and effectively performed the duties of independent Directors, which in turn has made positive contributions to the scientific decision-making of the Board. Key concerns for 2018 are as follows:

**(1) Connected transactions**

During the reporting period, each independent Director has conducted prior inspection of all matters involving connected transactions of the Company, and issued their independent opinion. They were of the view that the connected transactions and consideration procedures were in compliance with the requirements of laws and regulations, relevant transaction behaviors were carried out under the market economic principle in an open, fair and reasonable manner, and the transaction prices were reasonable and fair without prejudice to the interests of the Company and non-connected Shareholders, nor would they affect the independence of the Company.

**(2) External guarantees**

The independent Directors considered the annual guarantee plan of the Company and reviewed its external guarantees in accordance with the provisions under the “Notice Concerning the Regulation on the Flow of Funds between Listed Companies and their Related Parties and the Provision of Guarantees by Listed Companies to External Parties” (《關於規範上市公司與關聯方資金往來及上市公司對外擔保若干問題的通知》) and the “Notice on Regulating the External Guarantees by Listed Companies” (《關於規範上市公司對外擔保行為的通知》) of the China Securities Regulatory Commission. During the reporting period, the Company did not provide any external guarantee in violation of the specified decision-making procedures.

**(3) Use of proceeds**

In accordance with the relevant regulatory requirements, the independent Directors reviewed the matters submitted for the Board’s consideration, such as the temporary use of certain idle funds as supplementary working capital. They considered that the above-mentioned matters did not conflict with the implementation plan of investment projects with proceeds. Neither circumstances affecting or harming the Shareholders’ interests nor behavior of changing the allocation of proceeds in a disguised way existed, which would not have impact on the normal operation of the fundraising projects and were beneficial to improve the utilization efficiency and effectiveness of proceeds. This was in the interests of the Company and its Shareholders as a whole. The relevant consideration procedures complied with relevant laws and regulations and the Articles of Association.

**(4) Audit of financial report and preparation of annual report**

In respect of significant events drawing the market's attention, the independent Directors put forward reasonable proposals for the contents required to be substantially disclosed for the consideration at the Board meeting. When preparing the annual report, they followed up the annual audit and the preparation of annual report, communicated with the management of the Company in a timely manner with respect to the audit opinions and the important matters during the audit process, and ensured various effective communications with auditors before and after the preparation, and expressed professional opinions in accordance with relevant requirements of the "Work Procedures related to Annual Report of Independent Directors".

**(5) Appointment or change of auditors**

The independent Directors were involved in re-appointment of the auditors for the financial report and internal control auditors of the Company, and after full discussions and conscientious study, raised appointment opinions to provide reference to the Board.

**(6) Execution of internal control**

The independent Directors listened to the report on internal control development and evaluation on a regular basis, proposed constructive opinions and advice and guided the Company to constantly seek methods and approaches in practice to optimize the standardized implementation of internal control. On the basis of urging the Company to strengthen the system construction and special examination, the Board conducted a self-evaluation on the effectiveness of internal control and formulated a self-evaluation report, and also appointed auditors to conduct special audit on the effectiveness of the execution of internal control for the financial report of the Company.

**(7) Operation of the Board and its special committees**

In 2018, the special committees of the Board considered the matters within their respective terms of reference and functioned in an orderly manner.

**IV. OVERALL EVALUATION AND RECOMMENDATION**

As independent Directors of the Company, we diligently, independently and prudently performed our duties based on the principle of safeguarding the interests of the Company and minority Shareholders. In 2018, there were no circumstances that independent Directors proposed to convene Board meetings. In the normal operation of the Company, there were no circumstances that independent Directors appointed external auditors and advisors independently.

In 2019, we will continue to study thoroughly the production and operation matters of the Company and continue to perform our duties in a prudent, earnest, diligent and honest manner in accordance with the provisions and requirements of independent Directors under relevant laws and regulations. Leveraging on our professional knowledge and intensive experience, we will provide opinions for reference by the Board in its decision-making and provide appropriate recommendations on the development of the Company; it is also our hope to facilitate solid operation and standardized running of the Company, so as to continuously enhance the quality of the Company's operation, and to safeguard the legitimate interests of the Company and Shareholders.

Report is hereby given.

*Independent Non-executive Directors:*

**Yu Hailong, Ren Xudong, Chan Ka Keung, Peter**

**WORK REPORT OF THE BOARD  
OF METALLURGICAL CORPORATION OF CHINA LTD.\*  
FOR THE YEAR 2018**

In 2018, Metallurgical Corporation of China Ltd. (hereinafter referred as “MCC” or the “Company”) accurately grasped the development trend, actively coped with various risks and challenges, and forged ahead with concerted efforts and firm determination. Both quality and efficiency continued to improve, with heightened aggressively risk control in all aspects and outstanding results of technological innovation. The Company struggled for fulfillment of its responsibility as a central enterprise, gaining renowned reputation for its brand image. In particular, its operating results increased amid the downward economy and reached a new peak, which worked a brilliant achievement of the Company in its business for development. During the year, the Board was in line with “making strategies, managing teams, discussing important issues and controlling risks” when performing duties to seize development opportunities, develop precise strategic layout, carry forward reform and innovation, and continue to strictly control risks to foster stable development of the Company. In 2018, the operating results of the Company achieved a new record high and the Company maintained a strong momentum.

**I. OPERATING CONDITION OF THE COMPANY**

In 2018, the operating results of the Company hit a new record. The value of accumulated newly signed contracts accounted to RMB665,744 million based on its rapid growth for three consecutive years, representing a year-on-year increase of 10.06%. The operating revenue amounted to RMB289,535 million, representing a year-on-year growth of 18.66%. Total profit was RMB9,524 million, increasing by 6.13% year on year; net profit attributable to Shareholders of the Company recorded RMB6,372 million, increasing by 5.12% year on year. All the four major business segments recorded profit for the first time. The total profit from the engineering contracting, property development, equipment manufacturing and resources development amounted to RMB5,038 million, RMB4,151 million, RMB96 million and RMB337 million, respectively. New progress was made in the high-quality marketing. By enhancing the design and operation of “macro environment, mega projects and heavyweight clients”, the newly signed contracts improved in both quantity and quality. The newly signed individual contracts with value of more than RMB500 million reached RMB368,485 million, representing a year-on-year increase of 15.81%.

In 2018, a new step was taken to deepen reform, thereby pressing ahead the establishment of regional companies by mixed ownership. The Company accelerated the structural adjustment with a focus on Xiong’ an New Area, the Yangtze River Delta and Chenyu city cluster, arranging the production base with prefabricated buildings. The Company advanced business transformation, and strived to create the non-steel advantageous brand business.



In 2018, the Company has made new achievements in technological innovation with ACRE Coking & Refractory Engineering Consulting Corporation, MCC winning the First-class Award for National Science and Technology Advancement, which was the first time for the Company to obtain this award as the first completion entity. The Company received 18 metallurgical technology awards from China Iron and Steel Association and the Chinese Society for Metals, and 5 science and technology awards from the China Non-ferrous Metal Industry Association. The Company had 4,187 new authorized patents, accumulating 25,000 effective patents. The construction of the “National Technology Standard Innovation Base” was approved, which became one of the first batch of the six international standard innovation bases in China. The number of key laboratories at national level and technological research and development platform increased to 24, and 10 national standards were issued and complied.

In 2018, new breakthrough was made by the Company in the management and control of projects. Based on the principle of “building the platform for management and control, seizing standardization management, creating quality projects, and building the image of MCC”, the Company enhanced the standardization and refinement level of project management in all aspects. MCC continued to maintain a steady upward development with good quality.

#### (1) Engineering Contracting Business

In 2018, the new construction contracts of the Company amounted to RMB628.689 billion, representing a year-on-year increase of 13.11%, further creating a record high. Newly signed metallurgical engineering contracts amounted to RMB111.066 billion, accounting for 17.67% of the new contracts and representing an increase of 40.84% as compared with 2017. Newly signed non-steel engineering contracts amounted to RMB517.623 billion, accounting for 82.33% of the new contracts and representing an increase of 8.52% as compared with 2017. Newly signed overseas engineering contracts amounted to RMB44.305 billion.

#### The overall operating results of the engineering contracting business in 2018

*Unit: RMB'000*

	2018	% of the total	2017	Year-on-year increase/decrease
Segment operating revenue	258,330,923	86.94%	208,612,860	23.83%
Gross margin (%)	10.52	–	11.15	Decreased by 0.63 percentage point

*Note:* The segment operating revenue and gross margin above are before inter-segment eliminations.

**1. *Metallurgical Engineering Construction Business***

As the pioneer and founder in China's iron and steel industry, during the reporting period, the Company regarded being the "national team" of the world's top metallurgical construction operation service as the primary task under the requirements of "further advancement, further optimization and further re-creation of the national team for metallurgical construction". Closely keeping up with the pace of adjustment to the layout and upgrading of domestic iron and steel industry, the Company established the core technology and control capabilities in eight major parts and nineteen units of the traditional metallurgical procedure of the Company, thereby strengthening high-end leadership. In terms of market expansion, the Company paid attention to leveraging the advantages of the entire industry chain, focused on major metallurgical projects, and took the initiative to implement central coordination and arrangement, and conduct overall marketing. While ensuring that large- and medium-sized projects of major iron and steel companies keep up with pace, the Company firmly consolidated the status of being the "national team for metallurgical construction". The Company has signed a number of key projects, including Industrial Upgrading of HBIS and Production Capacity Transfer of Xuansteel in Hebei Province as well as Relocation of Liugang Fangcheng Port.

The overseas metallurgical business operations of the Company mainly include overseas engineering projects and overseas mining projects. With its leading comprehensive technological advantages, the Company has undertaken multiple representational projects in the metallurgical engineering construction industry in overseas market for long time and has been highly recognized by the international market. In the future, the Company will continue to firmly grasp any overseas development opportunities brought by the "Belt and Road" initiative and make full use of the benefits brought by the "going out" policy. By constantly strengthening its capability in project operation, improving the level of localization and further implementing the overseas first policy, the Company will steadily increase the proportion of its overseas business and keep on improving the level of its internationalization.

During the reporting period, the key metallurgical engineering construction projects entered into by the Company are as follows:

No.	Name of Project	Contractual	Implementing Entity
		Amount (RMB100 million)	
<b>Domestic Projects</b>			
1	EPC General Contracting Project for Industrial Upgrading of HBIS and Production Capacity Transfer of Xuangang to Blast Furnace Area (河鋼產業升級及宣鋼產能轉移高爐區域EPC總承包項目)	34.0	MCC Capital Engineering & Research Incorporation Limited
2	Industrial Silicon of 280kt/a and Organic Silicon of 400kt/a Project of Xinjiang Jingheyuan New Material Co., Ltd. (新疆晶和源新材料有限公司280kt/a工業硅、400kt/a有機硅項目)	29.8	China Second Metallurgical Group Corporation Limited
3	Coke Project with 4 Million Tonnes/Year of Shanxi Meijin Huasheng Chemical New Material Co., Ltd. (山西美錦華盛化工新材料有限公司400萬噸/年焦化項目)	18.4	ACRE Coking & Refractory Engineering Consulting Corporation, MCC
4	General Contracting Project for Engineering, Design, Procurement and Construction of Jilin Tianchi Mining (吉林天池礦業工程設計採購施工總承包項目)	13.0	MCC TianGong Group Corporation Limited
5	General Contracting Engineering for Blast Furnace Body and Ancillary Facilities of Iron and Steel Base Project in Fangcheng Port, Guangxi Province (廣西防城港鋼鐵基地項目高爐本體及輔助設施總包工程)	12.8	CISDI Group Corp. Ltd.
6	Phase I Engineering for an Annual Output of 250,000 Tonnes High Precision Aluminum Sheet for Transportation Use of Gansu Yigong New Material Technology Co., Ltd. (甘肅益工新材料科技有限公司年產25萬噸高精度交通用鋁板項目一期工程)	10.6	Beijing MCC Equipment & Research Corporation Ltd.
7	General Contracting Engineering for 2x500 sq.m. of Sintering and Related Ancillary Facilities of Iron and Steel Base Project in Fangcheng Port, Guangxi Province (廣西防城港鋼鐵基地項目2x500平米燒結及相關配套設施總承包工程)	10.1	Zhong Ye Chang Tian International Engineering Co., Ltd.

No.	Name of Project	Contractual	Implementing Entity
		Amount (RMB100 million)	
<b>Domestic Projects</b>			
8	Construction Project of Steel Production Capacity Replacement (Conversion and Upgrading of New and Old Kinetic Energy of Process Equipment) of Laigang Yongfeng Steel Co., Ltd. in Shandong Province (山東萊鋼永鋒鋼鐵有限公司煉鋼產能置換方案的建設項目(工藝裝備新舊動能轉換升級改造))	9.8	Shanghai Baoye Group Corp., Ltd.
9	Construction Project for 1,780 mm Hot Rolling Engineering (Main Line Area) of Baosteel Desheng in Luoyuan County, Fujian Province (福建省羅源縣寶鋼德盛1,780mm熱軋工程(主線區)施工項目)	9.4	China MCC 20 Group Co., Ltd.
10	General Contracting Project for Steelmaking Product Optimization and Upgrading of Minmetals Yingkou Medium Plate Co., Ltd. (五礦營口中板有限責任公司煉鋼產品優化升級改造項目總承包項目)	9.2	CISDI Group Corp. Ltd.
11	Construction General Contracting Project for Industrial Upgrading of HBIS and Production Capacity Transfer of Xuansteel (Raw Materials Area) in Hebei Province (河北河鋼產業升級及宣鋼產能轉移項目原料區域施工總承包項目)	9.2	China Metallurgical Construction Engineering Group Co., Ltd.
12	General Contracting Project for Quantum Electric Furnace of Fujian Dingsheng Iron & Steel Co., Ltd. (福建鼎盛鋼鐵有限公司量子電爐工程總承包項目)	9.0	WISDRI Engineering & Research Incorporation Limited
13	New Cold-rolling Project of Dingsheng (鼎盛新建冷軋項目)	8.2	WISDRI Engineering & Research Incorporation Limited
14	Steelmaking Construction & Installation Project for Industrial Upgrading of HBIS and Production Capacity Transfer of Xuansteel (河鋼產業升級及宣鋼產能轉移項目煉鋼建築安裝工程)	8.1	Shanghai Baoye Group Corp., Ltd.
15	General Contracting Project for ESP Headless Strip Steel Production Line of Fujian Dingsheng Iron & Steel Co., Ltd. (福建鼎盛鋼鐵有限公司ESP無頭帶鋼生產線工程總承包項目)	7.3	WISDRI Engineering & Research Incorporation Limited

No.	Name of Project	Contractual	Implementing Entity
		Amount (RMB100 million)	
<b>Overseas Projects</b>			
1	General Contracting Contract for Samalaju Alliance Steel Plant under Wen'an Iron & Steel (Malaysia) Co., Ltd. (文安鋼鐵(馬來西亞)有限公司Samalaju聯合鋼廠總承包項目)	117.0	CISDI Group Co., Ltd.
2	Smelting Construction Project for Ferro-nickel with Annual Output of 600,000 Tonnes of PT. Indonesia RuiPu Nickel and Chrome Alloy (印尼瑞浦鎳鉻合金有限公司年產60萬噸鎳鐵冶煉建設項目)	20.5	China MCC 17 Group Co., Ltd.
3	Smelting Project for Ferro-nickel with Annual Output of 300,000 Tonnes of PT.WEDA BAY Nickel in Indonesia (印尼緯達貝鎳業有限公司年產30萬噸鎳鐵冶煉工程項目)	20.2	China MCC 20 Group Co., Ltd.
4	Construction and Design Project of OBI Nickel and Cobalt Project in Indonesia (印尼OBI鎳鈷項目工程設計項目)	14.2	China ENFI Engineering Co., Ltd.
5	Equipment Supply Project for Tata Steel KPO Phase II in India (印度塔塔KPO二期設備供貨項目)	6.1	ACRE Coking & Refractory Engineering Consulting Corporation, MCC

## 2. *Non-Steel Engineering Construction Business*

### (1) *Fundamental Construction*

During the reporting period, the Company carried out further subdivision of the construction market in accordance with the requirements of “repositioning, re-cultivating and re-upgrading of the main force for fundamental construction” to mainly develop the target market with comparative advantages and market prospects. After determining the target market, the Company put effort on concentrating superior resources, with a view to creating the brand business with market competitiveness. Through upgrading of model, management, technology, capacity and service, the Company enhanced its competitiveness in fundamental construction.

During the reporting period, on the one hand, with reference to market conditions and regulatory requirements, the Company timely adjusted its approach of the PPP business, further tightened risk control, strengthened review of project introduction, expanded the scale and improved the quality of individual projects and controlled the total number of projects. On the other hand, priority was put on the implementation of projects at hand. The Company continued to implement engineering projects under PPP model and seized the strategic opportunity to strengthen market development, expand its business scale, raise its new contract amount, and drive its transformation and upgrade. In 2018, the Company newly signed approximately 65 PPP projects with the total investment amount of RMB106.293 billion, and won the bids for 47 new PPP projects and the total investment amount was RMB106.685 billion. In terms of industry distribution, the PPP projects mainly included municipal engineering, transportation, comprehensive urban development, ecological construction and environmental protection as well as the social security comfort housing project.

During the reporting period, the key infrastructure projects entered into by the Company are as follow:

No.	Name of Project	Contractual	Implementing Entity
		Amount (RMB100 million)	
<b>Domestic Projects</b>			
1	Survey, Design (Procurement) and Construction General Contracting Project for Culture and Tourism Complex of Xiguo Cultural Park in Zunyi City, Guizhou Province (貴州省遵義市鱗國文化園文旅綜合體勘察、設計(採購)、施工總承包項目)	64.6	MCC TianGong Group Corporation Limited
2	Mangshi to Lianghe Highway Project in Yunnan Province (Section I) (雲南省芒市至梁河高速公路項目第一合同段)	60.2	MCC Communication Construction Group Co., Ltd.
3	27 projects including Sichuan Dongshan Avenue Construction Project and Erliqiao Road Construction Project (四川東山大道建設項目、二里橋路建設項目等27個項目)	58.0	China MCC 5 Group Co., Ltd.

No.	Name of Project	Contractual	Implementing Entity
		Amount (RMB100 million)	
<b>Domestic Projects</b>			
4	General Contracting for PPP Project of Tourism Trunk Highway Construction and Operation during “Thirteenth Five-Year Plan” Period in Xiangxi Autonomous Prefecture, Hunan Province (PPP Project) (湖南省湘西州“十三五”旅遊幹線公路建設運營PPP項目施工總承包項目(PPP項目))	45.7	MCC TianGong Group Corporation Limited
5	Five Highway Projects including Mulabulakedaoban – Kazi – Tula Pasture in Xinjiang (PPP Project) (新疆木那布拉克道班—卡子—吐拉牧場等五個公路項目(PPP項目))	44.7	China MCC 19 Group Co., Ltd.
6	Design, Procurement and Construction (EPC) Project for Renovation of Talent Apartments in Resettlement Area Along Ankang Road and Tianhe Road of Shanty Towns in Kuche County, Xinjiang Autonomous Region (新疆庫車縣棚戶區改造安康路和天河路安置房人才公寓建設項目設計、採購、施工(EPC)項目)	40.0	China MCC 17 Group Co., Ltd.
7	EPC General Contracting for Renovation Project of Northern Area and Construction Project of Resettlement Area in Zhongyuan New Area, Henan Province (河南中原新區北部片區改造項目安置區建設項目EPC總承包工程)	35.2	Shanghai Baoye Group Corp., Ltd.
8	Ecological and Agricultural Project for International Tourism and Healthcare in Baocheng (Ya'an, Sichuan Province • Lushan), the PRC (中國寶盛(四川雅安•蘆山)國際旅遊康養生態農業項目)	30.0	China MCC 17 Group Co., Ltd.
9	Real Estate Development Project of Clear Water and Blue Sky Community in Pingtang County, Guizhou Province (貴州省平塘縣碧水藍天小區房地產開發項目)	29.6	MCC TianGong Group Corporation Limited
10	Hi-tech Shantytown Renovation Project (Xianghe New Town) in Shangqiu New Area, Henan Province (河南省商丘市新區高科棚戶區改造項目(響河新城))	29.2	China MCC 5 Group Co., Ltd.

No.	Name of Project	Contractual	
		Amount (RMB100 million)	Implementing Entity
<b>Domestic Projects</b>			
11	Flood Prevention and Ecological Restoration Project in Binjiang, Ezhou City (鄂州市濱江防洪生態修復項目)	28.7	China First Metallurgical Group Co., Ltd.
12	Construction Project for Demonstration Base of China International Elderly Service Industry (Ulanqab) (中國國際養老產業(烏蘭察布)示範基地建設項目)	28.5	China MCC 19 Group Co., Ltd.
13	Projects of Wanzheng Family Phase II, Wanzheng Longmen Garden, Danjiang Dragon City A and B Zones and Wanzheng Grand Mansion in Zhoukou City, Henan Province (河南省周口萬政世家二期項目、萬正龍門苑項目、丹江龍城A區、B區項目、萬正大公館項目)	28.1	China Second Metallurgical Group Corporation Limited
14	PPP Project for Sports Center in Quzhou City, Zhejiang Province (浙江省衢州市體育中心PPP項目)	27.8	Shanghai Baoye Group Corp., Ltd.
15	EPC General Contracting Engineering of Resettlement Area Project of Mengze Park in Lankao County, Henan Province (河南蘭考縣夢澤園安置區項目EPC總承包工程)	26.2	China First Metallurgical Group Co., Ltd.



No.	Name of Project	Contractual	Implementing Entity
		Amount (RMB100 million)	
<b>Overseas Projects</b>			
1	Project of Phase II and III of Zhong'ai • Mankai Textile Industrial Park (中 埃•曼凱紡織工業園二、三期項目)	45.2	MCC International Incorporation Ltd.
2	14 Engineering Projects including Al Hanakya, Makkah Ranya for the Affordable Housing Phase I Project of the Ministry of Housing of Saudi Arabia (沙特住建部保障房一期項 目Al Hanakya、Makkah Ranya等 14個工程項目)	21.5	Metallurgical Corporation of China Ltd.
3	General Contracting Project of Normanton Park in Singapore (新加 坡諾曼頓公園工程總承包項目)	17.4	Central Research Institute of Building and Construction Co., Ltd.
4	40-Kilometre Section Project of Altanbulag – Ulaanbaatar – Zamyn- Üüd Expressway in Mongolia (蒙古 國阿勒坦布拉格—烏蘭巴托—扎門 烏德高速公路40公里路段項目)	11.0	China Second Metallurgical Group Corporation Limited
5	1x250MW Coal-fired Power Plant Project for 35,000-ton (Annual Capacity) Nickel Production Line and Ancillary Facilities of Yashi Indonesia Investment Limited (雅石 印尼投資有限公司年產3.5萬噸鎳 金屬生產線及配套建設1x250MW 燃煤發電廠項目)	20.6	China First Metallurgical Group Co., Ltd.

(2) *Emerging Industries*

In accordance with the requirements of the “forerunner in the emerging industries to re-accelerate, re-expand and re-innovate”, the Company further accelerated the development of emerging markets, and snatched the market share in the layout, winning by fast play to occupy a greater market share. We enhanced the income proportion of the Company in emerging industries, expanded the market scale, and optimized product institutions and market structure. We put effort on technological research and development of emerging industry to maintain technological advantages and bargaining power in the industry. Meanwhile, we sought and discovered “new emerging industries” through innovation.

In the urban integrated subterranean pipeline corridor field, as the earliest constructor of the integrated subterranean pipeline corridor in the PRC, the Company is able to provide consultation, planning, survey, design, construction, supervision and operating services, with professional comprehensive capability and overall strength in the whole process of the projects and entire industrial chain. During the reporting period, the Company won the bid for a batch of integrated pipeline corridor projects with great social influence in Shenzhen, Wuhan, Zhuhai, Tianjin, Gui’an New Area, etc. As at the end of the reporting period, the Company has won the bid for pipeline corridor PPP and EPC projects with an accumulative mileage of over one thousand kilometers, and continues to maintain its leading position in the domestic piping system market.

In the theme park field, as the world’s largest theme park contractor, the Company has the only professional theme park design institute in China, and is the only one in China with the qualification for theme park design-build project. In 2018, the Company successfully won the bid and signed the agreement for major projects such as Beijing Universal Studios Theme Park and Resort Project Section 5 and Section 6, Indonesia MNC Theme Park Project and Evergrande Children’s World Theme Park Construction Project in Kaifeng, among which, Beijing Universal Studios, upon its completion, will be the 6th theme park of the Universal Studios in the world, third in Asia and first in China, as well as the first world-class super large-scale modern theme park in Beijing.

In the field of comprehensive treatment of water environment, the Company bore in mind the concept that “Lucid Waters and Lush Mountains are Invaluable Assets”, devoted itself to the construction of ecological civilization. By relying on the MCC Water Environment Technology Research Institute, the Company continues to enhance investment in research and development as well as application of water environment technology. The Company focuses on key development of markets such as general treatment of river basins, general treatment of black odor water, municipal wastewater treatment and rural wastewater treatment, building the water treatment brand of MCC characterized by “One Low Three High”, namely “low cost, high standard, high technology, high quality”, thereby continuously expanding its market share. In 2018, the Company newly signed a batch of major projects such as EPC Project of Rain and Sewage Diversion in Upstream of Longgang River in Shenzhen City, Survey, Design and Construction General Contracting Engineering for Clean Energy Renovation Project of Community Drainage Network Along Shenzhen River and Guanlan River in Longgang District, Shenzhen City, Restoration Project in Greater Airport Area, Shenzhen, Flood Prevention and Ecological Restoration Project in Binjiang, Ezhou City and Comprehensive Renovation (Phase I) Project for “Two Streams and One Bay” Safe Ecological Water System in Nan’an City, Fujian Province.

In the beautiful countryside and smart city field, the Company, by applying big data and intelligent technology, built a public service platform for the matching between production and sale of national primary agricultural products, which is currently the only nationwide and integrated platform for the matching between production and sale of primary agricultural products. Such platform is principally engaged in O2O and B2B transactions of bulk primary agricultural products. As at the end of the reporting period, more than 589 poverty-affected counties and 1,500 agricultural product distributors nationwide have taken the lead in being incorporated in the data management system of the platform, and more than 2,000 counties nationwide have been guided to successively make their agricultural products available on the platform.

In the healthcare field, the Company conformed to the development trend of the industry and the urging demand of the market by adopting the double innovative mode of “research institute + healthcare investment platform”. Leveraging on the technological advantage of the Healthcare Industry Technology Research Institute of MCC, the Company offered customers with all-round and comprehensive services of “healthcare, rehabilitation, pension, health-consciousness, fitness, travel and culture” with professional and full-range perspectives. During the reporting period, the Company contracted a batch of new major projects, striving to boost the brand influence of “Healthcare +”.

During the reporting period, the key projects related to emerging industries entered into by the Company are as follows:

No.	Name of Project	Contractual	Implementing Entity
		Amount (RMB100 million)	
<b>Urban Integrated Subterranean Pipeline Corridor Projects</b>			
1	Phase I Construction Project of Integrated Subterranean Piping System in Xingyi City, Guizhou Province (貴州省興義市地下綜合管廊一期建設施工項目)	28.1	China 22MCC Group Co., Ltd.
2	Construction Project of Integrated Subterranean Piping System of West Extension of North Third Ring Road and Dongfeng Road in Baoding City, Hebei Province (PPP Project) (河北保定市北三環、東風路西延地下綜合管廊建設工程項目(PPP項目))	24.8	MCC TianGong Group Corporation Limited
3	Phase II General Contracting Project for Design, Procurement and Construction of Integrated Piping System in New Aerial Port City, Shenzhen, Guangdong Province (廣東省深圳市空港新城綜合管廊二期項目設計採購施工總承包項目)	24.1	China MCC 20 Group Co., Ltd.
4	Integrated Subterranean Piping System and Simultaneous Construction Engineering PPP Project in North Section of Cuicheng Road, Cuiheng New Area, Zhongshan City, Guangdong Province (PPP Project) (廣東省中山翠亨新區翠城道北段地下綜合管廊及同步建設工程PPP項目(PPP項目))	23.2	China MCC 19 Group Co., Ltd.
5	Engineering Project for Integrated Road Network of Central Business District in East District and Cishan Road and Integrated Subterranean Pipeline Corridor in Handan City, Hebei Province (河北省邯鄲市東區中央商務區綜合路網和磁山路及地下綜合管廊工程項目)	22.0	China Huaye Group Co., Ltd.

No.	Name of Project	Contractual	Implementing Entity
		Amount (RMB100 million)	
<b>Theme Park Projects</b>			
1	Indonesia MNC Theme Park Project (印尼MNC主題公園項目)	23.1	Central Research Institute of Building and Construction Co., Ltd.
2	Hengda Children's World Theme Park Construction Project in Kaifeng (開封恒大童世界主題樂園建設工程)	20.0	Shanghai Baoye Group Corp., Ltd.
3	Fourteen Projects Including Section VI (711) 1-1 (101) North Administration Building at Universal Studio Theme Park in Beijing (北京標段六(711)1-1(101)北行政樓等14項工程(北京環球影城主題公園))	13.0	Central Research Institute of Building and Construction Co., Ltd.
4	Eleven Projects Including Section V (716) 6-1 (601) Amusement Facilities at Universal Studio Theme Park in Beijing (北京第五標段(716)6-1(601)遊樂設施等11項工程(北京環球影城主題公園))	11.1	Shanghai Baoye Group Corp., Ltd.
5	Construction Project (EPC General Contracting) of Ceramic Culture Tourism City Project in Xinning County, Jiangxi Province (江西新平陶瓷文化旅遊城項目建設工程(EPC總承包)項目)	9.0	Huatian Engineering & Technology Corporation, MCC
<b>Sponge City Project</b>			
1	Pilot Construction Project of Sponge City in Qingyang City, Gansu Province (PPP Project) (甘肅慶陽市海綿城市試點建設項目(PPP項目))	9.4	MCC TianGong Group Corporation Limited

No.	Name of Project	Contractual	Implementing Entity
		Amount (RMB100 million)	
<b>Healthcare and Special Town Projects</b>			
1	EPC General Contracting Project of Huanghe Financial Technology Small Town in Hancheng City, Shaanxi Province (陝西省韓城市黃河金融科技小鎮EPC總承包項目)	40.9	MCC Communication Construction Group Co., Ltd.
2	Design and Construction General Contracting Project of "Qidi Shuangchuang Snow & Ice Small Town" Residential Area in Tengchong City, Yunnan Province (雲南騰衝啟迪雙創冰雪小鎮住宅區設計施工一體化項目總承包項目)	10.3	China MCC 5 Group Co., Ltd.
3	All-for-One Tourism Infrastructure Project in Xingtai County, Hebei Province (河北邢台縣全域旅遊基礎設施工程)	8.1	China 22MCC Group Corporation Ltd.
<b>Water Environment Treatment Projects</b>			
1	Treatment of Black and Odorous Water and Environment and Landscape Improvement Engineering (PPP Project) of Ecological Water System in Ming River, Hancheng County, Henan Province (河南鞏城縣洛河生態水系黑臭水體治理與環境景觀提升工程(PPP項目))	14.0	China First Metallurgical Group Co., Ltd.
2	Comprehensive Treatment (Phase I) Project for "Two Streams and One Bay" Safe Ecological Water System in Nan'an City, Fujian Province (福建省南安市"兩溪一灣"安全生態水系綜合整治(一期)工程)	13.9	China First Metallurgical Group Co., Ltd.
3	Urban and Rural Infrastructure Project of E'bian Yi Autonomous County in Sichuan Province (四川省峨邊彝族自治縣城鄉基礎建設項目)	10.0	MCC Capital Engineering & Research Incorporation Limited
4	EPC (Design, Purchase and Construction) Project of Rain and Sewage Diversion in Upstream of Longgang River in Shenzhen City (深圳市龍崗河流域上游雨污分流項目EPC(設計採購和施工)項目)	6.6	China MCC 19 Group Co., Ltd.
5	Construction Project for Earthworks of River Channel in Comprehensive Treatment Project of Dasha River in Xingtai City, Hebei Province (河北省邢台市大沙河綜合治理項目河道整理土石方工程施工項目)	5.1	Central Research Institute of Building and Construction Co., Ltd.

**(2) Property Development Business**

In 2018, weighted by the policy restrictions on “de-stocking” and the “home buying restrictions and credit tightening”, the Company adopted different policies that were tailored to characteristics of each category and of each city. MCC Real Estate Group Co., Ltd., a subsidiary of the Company, carried on accomplishing the strategic layout that Yangtze River Delta, Pearl River Delta and the Beijing-Tianjin-Hebei Region are taken as core development areas with coverage nationwide by speeding up works on reserving quality land parcels in key areas. It acquired 6 land parcels through bidding, auction and listing in the public market, with site area and permissible gross floor area of 572,800 sq.m. and 967,800 sq.m., respectively. In 2018, in China Top 100 Real Estate Developers jointly selected by the Development Research Center of the State Council, Tsinghua University and China Index Academy, MCC Real Estate Group Co., Ltd. ranked the 40th in China Top 100 Real Estate Developers and ranked the 5th in Top 100 Enterprises with Most Profitability, and was the only company that won the national award of “Outstanding Enterprise in China’s Urban Development and Operation”. MCC Real Estate Group Co., Ltd. was successfully included in “China Top Green Buildings – 2018 Top 30 Enterprises with Competitiveness of Green Development”, and ranked 14th. Meanwhile, MCC Real Estate Group Co., Ltd. ranked 7th in “Top 10 Central (State-owned) Enterprises with Competitiveness of Green Development” and 4th in “Top 10 Fast-growing and Environmentally-friendly Real Estate Developers”.

In 2018, the amount invested by the Company in property development was RMB22.032 billion, representing a year-on-year increase of 3.60%, with construction area of 11.4798 million sq.m., representing a year-on-year increase of 6.86%; among which, new construction area accounted for 2.5861 million sq.m., representing a year-on-year increase of 36.16%; completed area accounted for 1.5728 million sq.m., representing a year-on-year decrease of 14.96%; contract sales area of commercial housing accounted for 1.0337 million sq.m. with contract sales amount of RMB14.482 billion.

**The overall operating results of the property development business in 2018***Unit: RMB'000*

	<b>2018</b>	<b>% of the total</b>	<b>2017</b>	<b>Year-on-year increase/decrease</b>
Segment revenue	22,870,252	7.70%	24,914,457	-8.20%
Gross margin (%)	28.48	–	24.83	Increased by 3.65 percentage points

*Note:* The segment revenue and gross margin above are before inter-segment eliminations.

During the reporting period, the highlights of property projects developed by the Company are as follows:

- (1) MCC Xinglong Xincheng • Hongshijun Project. On 2 November 2017, MCC Real Estate Group Co., Ltd. won the land use rights through bidding for parcels located at Hongshili Village and Nantumen Village of Xinglong County at RMB1.291 billion. The project is located in Xinglong County, Chengde City, Hebei Province, which was elected as the “2017 100 Best Counties for Summer Resort in China” and “100 Best Small Towns for Deep Breaths in China”, with a total planning site area of 12,000 mu and total construction land of 3,000 mu. The planning site area, construction land area and floor area for phase I of the project will be 4,000 mu, 1,847 mu and 1.76 million sq.m., respectively, with a planning plot ratio of 1.2. The project represents the transformation of MCC Real Estate Group Co., Ltd. from a single-mode real estate developer to an urban integrated operator. The project will, with no doubt, become the work of the time created by a stronger MCC Real Estate Group Co., Ltd. brand. The project was launched for initial sale on 23 June 2018, and is currently in the progress of main structure construction and internal and external decoration, with the first batch expected to be completed and delivered in September 2019.
- (2) Zhuhai Headquarter Building Phase II Project. In December 2010, Zhuhai Hengqin Headquarter Building Investment and Development Co., Ltd. won through bidding the state-owned land use right for the parcel of project at approximately RMB800 million in cash. In 2015, MCC Real Estate Group Co., Ltd. acquired 31% equity interest in the project company through equity transfer, and is responsible for the later-stage development of the project. The project is located at Hengqin port in Hengqin Free Trade Area in Zhuhai City, which has superior geographical location being on the other side of the river from Macao. The project is planned to be a commercial and office complex, which is designed by Mr. Keith Griffiths, the founder partner of the world renowned architecture practices Aedas. Taking “double dragons in pursuit of a pearl” as the design concept, the project is built to be a future landmark building in Hengqin and even Southern China. The pile foundation of the project is currently under construction, and the preliminary formalities of the project are being handled. It is expected that the project will be launched for initial sale in late 2019.



(3) Hong Kong L'AQUATIQUE. In November 2013, Nan Hua International Engineering Ltd. ("Nan Hua", a wholly-owned subsidiary of MCC Overseas Ltd.) won Land Lot No. 70, Tsing Lung Tau, Tsuen Wan, Hong Kong by HK\$500.18 million through public tendering, which covers an area of approximately 4,868 sq.m.. In 2014, MCC Real Estate Group Co., Ltd. and MCC Overseas Ltd. ("MCC Overseas") entered into a cooperation agreement, pursuant to which MCC Overseas delegated the management and control authority of Nan Hua during the development of L'AQUATIQUE to MCC Real Estate Hong Kong Co., Ltd., and MCC Real Estate Hong Kong Co., Ltd. undertook the development of L'AQUATIQUE in the name of Nan Hua. Closed to the seashore, the project boasts a spectacular 180-degree sea view that overlooks Ting Kau-Lantau Island belt, and the winding Tsing Lung Wan, Tung Wan and Ma Wan ahead is an exceptional and unique gulf landscape in Hong Kong. Adjacent to the high-profile Hong Kong-Shenzhen-Macau new golden delta, the region will become a core of the Pearl River Delta city cluster as the Guangdong-Hong Kong-Macau Greater Bay develops with an active market. The project unveiled its initial sale on 17 November 2018. Interior decoration, construction work on back hill and other final work are in progress now, which is expected to be completed in June 2019.

### (3) Equipment Manufacturing Business

The business of the Company's equipment manufacturing segment mainly includes research and development, design, manufacturing, sale, installation, fine-tuning, inspection and repair of metallurgical equipment and its spare parts, steel structures and other metal products as well as other related services.

#### The overall operating results of the equipment manufacturing business in 2018

*Unit: RMB'000*

	2018	% of the total	2017	Year-on-year increase/decrease
Segment revenue	6,988,417	2.35%	6,254,959	11.73%
Gross margin (%)	12.02	–	9.15	Increased by 2.87 percentage points

*Note:* The segment revenue and gross margin above are before inter-segment eliminations.

In 2018, the domestic steel and iron industry was generally in stable operation with steady benefit growth and rebounded investment, and the overall profitability of the equipment manufacturing segment of the Company has improved. Moving forward, the Company will gradually divest from underperforming low-tech businesses with uncertain prospect for its equipment manufacturing segment, and with focus on environmentally-friendly relocation, technological transformation and upgrading, and reform and innovation, continuously strengthen its process in the reorganization of the existing equipment manufacturing drivers that provides support to the core technology which would likely have a more favorable prospect.

The Company will further strengthen its strategic leadership of and control over the steel structure business, continue to better allocate the assets of its steel structure business, further leverage the advantages of the integrated whole industry chain covering research and development, design, manufacturing, installation, testing and maintenance of the steel structures of the Company, make full use of favorable market layout and brand awareness, and build the overall competitive advantage and brand image of the steel structure business of the Group with deepened reform and determination to forge ahead.

#### (4) Resources Development Business

In 2018, the business of the Company's resources development mainly focuses on mining, selection and refining of metal resources of nickel, cobalt, copper, lead, zinc and other metals. In line with the objective of "refining management, enhancing quality, reducing costs, controlling risks and making profits", the Company strived to improve the development and operating services of its own mineral resources. The overall profitability of the Company's resources development business further improved in 2018 after turning losses into profits in 2017.

#### The overall operating results of the resources development business in 2018

*Unit: RMB'000*

	2018	% of the total	2017	Year-on-year increase/decrease
Segment revenue	5,282,909	1.78%	5,664,790	-6.74%
Gross margin (%)	33.17	–	28.59	Increased by 4.58 percentage points

*Note:* The segment revenue and gross margin above are before inter-segment eliminations.

During the reporting period, details of resource projects under development and operation of the Company are as follows:

**(1) Papua New Guinea Ramu Nico Project**

During the reporting period, the project continued to maintain high yield in a stable manner, with the average ratio of production capacity for the year of 108.4%, and produced Ni-Co hydroxide that contained 35,354 tonnes of nickel and 3,275 tonnes of cobalt, in aggregate, both of which hit a new record high and ranked among top 10 globally. As the production cost of the project is lower than that of similar projects in the world, the major technical indicators of production and energy consumption indicators are more favorable than the designed indicators, and the comprehensive operation management capability is of the leading position among similar projects in the world. Thus, the project generated annual profits for the first time with strengthened profitability.

In 2018, the APEC summit was held in Papua New Guinea, during which the Company and the Ministry of Mines of Papua New Guinea entered into the Memorandum of Investment Agreement for Expansion of the Ramu Nico Project under the witness of the leaders of both countries.

**(2) Pakistan Duddar Lead-Zinc Mine Project**

During the reporting period, the project seized the favorable opportunity of high zinc price to optimize the layout between mining production in the upper system and construction in the lower system, with focus on increasing the output of lead concentrate ore and zinc concentrate ore in the upper system, and produced zinc concentrate ore and lead concentrate ore of 53,957 tonnes and 8,036 tonnes, respectively, representing an increase of 39% and 58%, respectively, as compared to those for the same period of last year, and indicating further enhancement of profitability of the project. Meanwhile, related reconstruction and new projects in the lower system are in progress, and are expected to have full production capacity by the end of 2019.

**(3) Pakistan Saindak Copper-Gold Mine Project**

During the reporting period, the project effectively extended its life cycle through expansion of the south ore and exploitation of the north ore. The project maintained stable production and operation throughout the year, with an aggregate production of crude copper of 12,538 tonnes, representing an increase of 25% as compared to 10,052 tonnes for the same period of last year, and is expected to generate profits each year onwards.

**(4) *Afghanistan Aynak Copper Mine Project***

Being one of the world-class copper mines that have not been developed, the project is of great importance and is under the common concern of both the Chinese and Afghan governments. During the reporting period, the Company had several negotiations with the Afghan government side on the amendments to the mining contract of project in Kabul, Dubai and Beijing. Such negotiations were about the feasibility and economic efficiency of the mining plan proposed by the Afghan side and the efforts to seek for favorable policy from the state to pave the way for subsequent development.

**(5) *Argentina Sierra Grande Iron Ore Mine Project***

The project has taken such measures as suspension of production, layoff and liquidation of assets to effectively curb operating losses. During the reporting period, the project sold an aggregate of 59,169 tonnes of iron ore concentrates in stock.

## **II. ROUTINE WORK OF THE BOARD**

**(1) *Meetings of the Board and special committees***

In 2018, the Board and its subordinate special committees of the Company performed their duties in strict compliance with the duties and work requirements as authorized by Shareholders and listing regulatory authorities, and carried out their work pursuant to the “Company Law”, regulatory rules of the listing place(s), the Articles of Association, the Rules of Procedure for General Meetings, the Rules of Procedure for Board Meetings and other relevant requirements. For the purpose of maintaining and increasing the value of the State-owned assets and maximizing Shareholders’ interests, based on the function orientation of “making strategy, managing teams, discussing important issues and controlling risks”, the Company performed the review procedure for the matters that shall be examined and approved by the Board of Directors pursuant to laws and regulations to ensure the decision of the Board of Directors is regulated, effective and scientific. The Company continued highlighting and devoting greater efforts in solving important matters and effectively improved standard of specified operation and quality of efficient decision.

In 2018, the Company convened 14 Board meetings in total, including 5 meetings held by way of on-site meeting and 9 meetings held through communication tools. The Board considered proposals and heard reports totalling 89 and passed 70 resolutions.

Special committees held 12 meetings in total, at which 38 topics were discussed. Among which, the Strategy Committee held one meeting, at which one issue was considered and discussed; the Finance and Audit Committee held 7 meetings, at which 33 issues were considered and discussed; the Nomination Committee held 2 meetings, at which 2 issues were studied and discussed; and the Remuneration and Appraisal Committee held 2 meetings, at which 2 issues were studied and discussed.

**(2) Performance of resolutions passed at Shareholders' general meetings by the Board**

In 2018, the Board earnestly performed all the resolutions passed at Shareholders' general meetings in strict accordance with the resolutions passed at and authorization given by the Shareholders' general meetings.

**(3) Major events on which the Board placed an emphasis**

During the reporting period, the Board was in line with “making strategies, managing teams, discussing important issues and controlling risks” when performing duties to seize development opportunities, develop precise strategic layout, carry forward reform and innovation, and continue to strictly control risks to “make progress while maintaining stable development” of the Company.

Firstly, the Board focused on research on the subject of principal business of metallurgical construction. Pursuant to the requirements of the national team for metallurgical construction, the Board innovated the cooperation model to strengthen the professional management personnel and metallurgical equipment and products, so as to extend our cooperation scope, bolstered the weakness in metallurgical equipment manufacturing of the Company, strengthened technology innovation in the principal business of metallurgical construction, and captured the market opportunities arising from the upgrading of iron and steel industry to accelerate the development of core technologies, and continuously improve the competitiveness and influence in terms of the scope of iron and steel engineering and equipment manufacturing technology for maintaining a leading position in the industry, and robustly expanding new technologies, new industries and new market, in order to increase the proportion of diversified business income.

Secondly, the Board strengthened investment management and control to cautiously prevent risks arising from PPP business. For the purpose of strengthening the management and control over the real estate development business, the Board strived to improve the project management standard of real estate development business. High attention has been paid to the investment risks on PPP projects, the adjustment to policies and market changes. The Board strictly implemented the decision-making on proving and approval of the feasibility of PPP projects, improved supervision on the process of the projects to reduce the risks of the projects. In order to fulfill the requirements of the operation of the projects, the Board strengthened the reserves and training of operating talents.

Thirdly, the Board continued to devote its efforts in clearing the “Two Funds” through a wide selection of initiatives, such as quantified management by way of classification, dynamic tracking and supervision, as well as strengthening the accountability mechanism and establishing the assessment accountability system. It improved asset quality and ensured the healthy development of the Company.

Fourthly, the Board strengthened capital management, solidified the consciousness of “placing priority on cash”, and implemented management and control of cash flow from quarterly operations to further reduce financing costs, optimize financing structure and capital use, reduce interest-bearing liabilities and interest expenses, strengthen centralized management and control as well as unified dispatch of capital, and improve the efficiency in capital utilization. The Board paid close attention to the changes in interest rate and exchange rate to prevent capital risks.

Fifthly, the Board promoted the management of market value of the Company, stressed attention to the management of market value, adhered to its idea of market value management with improvement on its intrinsic value as the core and strengthened the sustainable capability and competitive capability of the Company.

Sixthly, the Board strengthened the overseas market expansion and building of an international talent team, and improved the management of localization capability to sufficiently arouse the internal and external initiative. The Board promoted the top-level design, optimized our systems and institutions, actively pushed forward its deployment in emerging market while developing its mature market. The Company improved innovation of products and technology, and accelerated the development of overseas business with multi-measures.

Seventhly, the Board carried out in-depth research on the layout of the regional companies and adhered to the market principle of “Herd sheep on the grassland and catch fish at the fishing grounds” to ensure the setting up of regional companies is regulated and maximize the advantage of the regional companies.

**(4) Information disclosure and investor relations**

In 2018, the Company seriously organized and completed the work of information disclosure in strict compliance with the relevant requirements of regulatory authorities, such as the China Securities Regulatory Commission, the Shanghai Stock Exchange and The Stock Exchange of Hong Kong Limited. It made the information disclosure through statutory channels, including designated newspapers and websites in a truthful, accurate, complete, timely and fair manner, according to the principle of simultaneous disclosure in both listed jurisdictions. In the meantime, the Company proactively maintained satisfactory relationship with investors, made every effort to build the image of the Company's capital market and increase the attention of the Company's capital market, and further stepped up its efforts in communications with investors, analysts and financial media, in order to protect the legitimate rights and interests of investors, especially the small and medium investors. In 2018, the Company was awarded the "Outstanding Listed Companies during the 40 Years of Reform and Opening up" of China Securities Golden Bauhinia Awards, and "Chinese Innovative Enterprise Prize in the Top 100 Listed Companies" by Forum of Top 100 Listed Companies in China, the "Best Returned Investor" of the "Golden Wing Award" and "Leading Figure of HK Stocks Market Companies" of the "Golden Wing Award".

1. On the basis of compliance disclosure, the Company constantly enhanced the validity of the information disclosed. In 2018, the Company conducted further communication with regulatory authorities and paid more efforts in studying and making reference to relevant rules, with extra focus on the study of disclosure for innovative business model. Living up with the pre-requisite of compliance disclosure, the Company sought for improving the readability and continuity of the information disclosed.
2. The Company stepped forward to initiate the communication with its investors and continuously innovated the communication method. The Company highly engaged in the market activities and continued to enhance the Company's activeness and influence in the market. Guided by the Company's overall market investment value, the Company organized communication sessions on 2017 annual results and 2018 interim results in Beijing and Hong Kong, respectively, so as to strengthen the communication with multiple layers of the capital market on an on-going basis. Other than daily communication and contact with investors, analysts and the media, the Company maintained frequent and proactive communications. Throughout the year, the Company received a total of nearly 50 study visits of investor groups at home and abroad, and engaged in detailed communication with more than 300 investors from nearly 100 institutions in the secondary market via roadshow, visit, telephone meeting and other methods of communication. The Company convened a briefing session on cash dividends distribution via the Internet, enabling investors to gain comprehensive

and deeper understanding in the specific details on the cash dividends distribution of the Company for 2017. The Company continuously innovated the communication method. In 2018, the Company broadcasted live videos on the result presentation meeting via multimedia, attended several meetings and forums and delivered speeches therein, as well as communicated effectively with multiple layers of investors in the capital market via a wide selection of promotion methods.

3. The Company actively studied changes of regulatory rules at home and abroad to continuously adapt to the new requirements of the A Shares' and H Shares' regulatory rules. It continued to disclose more voluntary announcements including newly signed contracts and provided additional disclosure on its emerging businesses, PPP projects, scientific achievements and industry operation information in its regular reports via market communication, which further improved the transparency of information disclosure of the Company. In 2018, the Company was rated Class A (the top class) Listed Company of the Shanghai Stock Exchange for Information Disclosure.

### III. OUTLOOK FOR 2019

Knowing the future development from the past experience, while acknowledging the hidden principle throughout observation. Currently, the world is encountering a significant change that has never been seen in the past 100 years. The external environment was complicated and severe with increasing uncertainties. The development of our country is still and will be in the key period for strategic opportunities in a long run, but structural imbalance accumulated during the rapid growth period is interwoven with new problems. The economy has seen changes and concerns amid overall stability with increased downward pressure, thus bringing serious challenges to the steady and healthy development of the enterprise. In 2019, MCC will further increase a sense of crisis, maintain the strategic focus, target the goal positioning, identify the shortcoming, and continuously take actions and spare no efforts in working with diligence. The Company seeks improvement while maintaining stability, making breakthrough and fully preparing itself to facilitate high-quality development of the enterprise with firm determination.



In the scope of metallurgical construction, MCC will regard metallurgical construction as the core major business for long-term development. The Company will continue to implement the idea of “consolidating, improving, enhancing and smoothening”, and comprehensively optimize the construction of the national team of metallurgical construction, putting effort on innovation of systematic technology with intelligentization and going green as its major direction. The Company will also facilitate the industrialization and commercialization of the core technology, accelerate internationalization, pushing forward “further advancement, further optimization and further re-creation of the national team for metallurgical construction”. MCC will firmly maintain the leading position of technology innovation, and march forward towards the top of the industry chain value to ensure the “world’s No. 1” of its service as the forerunner in the world.

In the scope of fundamental construction, we will closely follow the characteristics of new demands in the deceleration and quality improvement stage of the new urbanization in China to achieve greater results. With the deepening and optimisation of the market strategy of “macro environment, mega projects and heavyweight clients”, we will dig out the subdivided target market with comparative advantages and market prospects to develop them deeply, thoroughly and precisely into regional markets. The Company will integrate its advantages and resources to create its brand business with market competitiveness. We will improve the core competitiveness of the enterprise by upgrading our model, management, technology, capability and service to accelerate the transformation into a world-class urban operator, industrial development system solution provider and the entire life-cycle service provider of engineering projects.

In the scope of emerging industries, closely focusing on the market opportunities brought about by the national strategies including beautiful and healthy China, and rural revitalization, we will keep track of the demands in the industry, accelerate market expansion, snatch the market share in the layout, put more efforts on technological research and development, optimize product structure and market structure, thereby expanding and strengthening the market segments of industrial clusters, including energy conservation and environmental protection, urban pipe network, comprehensive governance of water environment, health care industry, beautiful countryside, smart city, new energy, new materials and others, to increase market proportion and achieve scale and brand effects, becoming an industry leader of “expert brand + industrial platform company”.

When you hoist the sails to cross the sea, you’ll ride the wind and cleave the waves. With faith, conviction, and confidence as our spiritual strength, we will persist in deepening reform, driving innovation led by technology, practise the motto “make progress everyday, and do not slacken the pace”, and do our utmost to create better operating results for Shareholders of the Company and investors.

**The Board of Metallurgical Corporation of China Ltd.\***

\* *For identification purposes only*

**WORK REPORT OF THE SUPERVISORY COMMITTEE OF  
METALLURGICAL CORPORATION OF CHINA LTD.\* FOR THE YEAR 2018**

In 2018, the Supervisory Committee of Metallurgical Corporation of China Ltd.\* (“MCC” or the “Company”), in accordance with the relevant provision of the “Company Law”, the “Securities Law” and other laws and regulations, and the “Articles of Association of Metallurgical Corporation of China Ltd.” and based on the attitude of being responsible for all Shareholders, discharged its powers and duties with the utmost conscientiousness, conducted its work proactively and effectively, and fully exercised its supervisory functions in order to safeguard the legitimate interests of the Shareholders, the details of which are set out below:

**1.        COMPOSITION OF THE SUPERVISORY COMMITTEE**

The second session of the Supervisory Committee comprises three Supervisors, namely Mr. Yan Aizhong, the Supervisor, Mr. Peng Haiqing, the Supervisor, and Mr. Shao Bo, the employee representative Supervisor.

**2.        WORK OF THE SUPERVISORY COMMITTEE**

In 2018, the Supervisory Committee convened four meetings in total, considered 15 proposals and listened to three reports. All Supervisors have attended the meetings in person. Matters considered at the meetings mainly focused on final accounts for the year and profit distribution, periodic reports, internal control and risk management inspection reports, internal control and self-evaluation reports, special reports on the deposit and the actual utilization of the raised proceeds, etc.

During the reporting period, the Supervisory Committee discharged its powers and duties with the utmost conscientiousness and vigorously safeguarded the interests of the Shareholders and the benefits of the Company by supervising the decision-making process of material matters including the production and operation, financial management and connected transactions of the Company, which performed its duties and completed its tasks satisfactorily.

**3.        INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON MATERIAL MATTERS**

The Supervisory Committee supervised the lawful operations of the Company by participating in the Shareholders’ general meetings and the Board meetings. The Supervisory Committee is of the view that the meeting and voting procedures of the Shareholders’ general meetings and the Board meetings complied with laws and regulations, such as the “Company Law”, the “Securities Law”, and the Articles of Association, and neither violation of laws and regulations, the Articles of Association nor harm to the interests of the Company or the Shareholders during the performance of duties by the Directors and other senior management of the Company was identified.

The Supervisory Committee strengthened its supervision over the financial work of the Company through analysing the monthly financial report of the Company, listening to the work report from the financial department and conducting inspection of and analysis on the financial management, budget execution and final accounts of some subsidiaries of the Company. The Supervisory Committee is of the view that the financial system of the Company is sound and complies with the “Accounting Law” and relevant accounting rules and systems.

The Supervisory Committee conducted supervision over the Company’s utilization of the proceeds raised from its offering. It is of the view that the Company is able to regulate the utilization and management of the proceeds raised from the offering in accordance with laws, regulations and regulatory requirements. Neither violation of laws and regulations nor harm to the interests of the Shareholders in the utilization of the proceeds raised by the Company was identified.

The Supervisory Committee reviewed the periodic financial report and profit distribution plan of the Company, and supervised the works in connection with internal control, list of related parties/ connected persons, and management and utilization of the proceeds. The Supervisory Committee paid great attention to the Company’s profitability, assets quality and operation capability, debt risks and solvency, and paid continuous attention to the progress of clearing the “Two Funds” to prevent any volatility of various financial indicators. The Supervisory Committee has no objections to the relevant measures and ways taken by the Board and the management of the Company.

**The Supervisory Committee of Metallurgical Corporation of China Ltd.\***

\* *For identification purposes only*

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## NOTICE OF THE 2018 ANNUAL GENERAL MEETING

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### METALLURGICAL CORPORATION OF CHINA LTD. \*

### 中國冶金科工股份有限公司

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*

(Stock Code: 1618)

### NOTICE OF THE 2018 ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the 2018 annual general meeting (the “AGM”) of Metallurgical Corporation of China Ltd.\* (the “**Company**” or “**MCC**”) will be held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, the People’s Republic of China, on Wednesday, 26 June 2019 at 2:00 p.m. to consider and, if thought fit, pass (with or without amendments) the following resolutions:

#### ORDINARY RESOLUTIONS

1. To consider and approve the proposal in relation to the “Work Report of the Board of MCC for the Year 2018”.
2. To consider and approve the proposal in relation to the “Work Report of the Supervisory Committee of MCC for the Year 2018”.
3. To consider and approve the proposal in relation to the report on final accounts of the Company for the year 2018 (as set out in the 2018 annual report of the Company).
4. To consider and approve the proposal in relation to the profit distribution plan of the Company for the year 2018.
5. To consider and approve the proposal in relation to the emoluments of Directors and Supervisors of the Company for the year 2018.
6. To consider and approve the proposal in relation to the plan of guarantees to be provided by the Company for the year 2019.
7. To consider and approve the proposal in relation to the appointment of the auditor and internal control auditor of the Company for the year 2019.

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## NOTICE OF THE 2018 ANNUAL GENERAL MEETING

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### SPECIAL RESOLUTIONS

8. To consider and approve the proposal in relation to the grant of general mandate to the Board of Directors to issue shares.
9. To consider and approve the proposal in relation to the amendments to the Articles of Association.
10. To consider and approve the proposal in relation to the plan of registration and issuance of domestic bonds of the Company for the year 2019.

### BRIEFING

11. To receive the 2018 performance report of the independent non-executive Directors.

By order of the Board  
**Metallurgical Corporation of China Ltd.\***  
**Zeng Gang**  
*Joint Company Secretary*

Beijing, the PRC  
10 May 2019

*Notes:*

- (1) In order to determine the list of shareholders who are entitled to attend the AGM, the registers of members of the Company will be closed from Monday, 27 May 2019 to Wednesday, 26 June 2019, both days inclusive, during which period no transfer of shares will be effected. In order to attend and vote at the AGM, holders of H Shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at or before 4:30 p.m. on Friday, 24 May 2019.
- (2) A shareholder entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company. Where a shareholder appoints more than one proxy, his proxies may only vote by poll.
- (3) The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorized in writing. If the shareholder is a corporation, that instrument must be either under its common seal or under the hand of its director(s) or duly authorized attorney(s). If that instrument is signed by an attorney of the shareholder, the power of attorney authorizing that attorney to sign or other authorization document must be notarized.
- (4) In order to be valid, the form of proxy together with the power of attorney or other authorization document (if any) must be deposited at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, for holders of H Shares, and to the Company's office of the Board, for holders of A Shares, not less than 24 hours before the AGM (excluding any public holiday).

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## NOTICE OF THE 2018 ANNUAL GENERAL MEETING

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- (5) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer, or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no notice in writing of the aforementioned matters shall have been received by the Company prior to the commencement of the AGM.
- (6) For information purpose only, holders of H Shares who intend to attend the AGM in person or by proxy shall return the reply slip to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, and for holders of A Shares of the Company, to the office of the Board of the Company, on or before Thursday, 6 June 2019 by hand, by post or by fax.
- (7) The address and contact details of the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, are as follows:
- Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong  
Tel: (852) 2862 8555  
Fax: (852) 2865 0990
- (8) The address and contact details of the office of the Board of the Company are as follows:
- MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the People’s Republic of China  
Tel: (8610) 5986 8666  
Fax: (8610) 5986 8999
- (9) In accordance with the Company’s Articles of Association, where two or more persons are registered as the joint holders of any share, only the person whose name appears first in the register of members shall be entitled to receive this notice, attend and exercise all the voting rights attached to such share at the AGM, and this notice shall be deemed to be given to all joint holders of such share.
- (10) The AGM is expected to take less than two hours. Shareholders (in person or by proxy) attending the AGM are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the AGM shall produce their identity documents.

*As at the date of this notice, the Board of Directors of the Company comprises two executive Directors: Mr. Guo Wenqing and Mr. Zhang Zhaoxiang; one non-executive Director: Mr. Lin Jinzhen; and four independent non-executive Directors: Mr. Zhou Jichang, Mr. Yu Hailong, Mr. Ren Xudong and Mr. Chan Ka Keung, Peter.*

\* *For identification purposes only*