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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)

## **CONNECTED TRANSACTIONS FORMATION OF JOINT VENTURE**

On 24 December 2021, the board of Directors of the Company approved MCC Engineering, a subsidiary of the Company, to form the Joint Venture with Minmetals Securities and Guiyang Industrial Holdings Public Housing. Pursuant to the Investment Agreement, MCC Engineering will contribute RMB57,497,400 in monetary funds to the Joint Venture, representing 10% of the total capital of the Joint Venture.

As at the date of this announcement, China Minmetals, being the indirect Controlling Shareholder of the Company, indirectly holds approximately 49.18% of the total issued shares of the Company and is a connected person of the Company. Minmetals Securities is a non-wholly owned subsidiary of China Minmetals, and is therefore also a connected person of the Company. Accordingly, the formation of the Joint Venture constitutes a connected transaction of the Company.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all conducted or completed within the same 12-month period or were otherwise related with each other. On 12 October 2021, China First Metallurgical, a subsidiary of the Company entered into a joint venture agreement, namely the Construction Contract for the Renovation Project of the Old City in Northeast Puyang City, with Minmetals Securities. In the Previous Transaction and the Transaction, the counterparties of the subsidiaries of the Company are Minmetals Securities and the transactions are of similar nature. Therefore, the Previous Transaction and the Transaction shall be aggregated.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction, when aggregated with the Previous Transaction, are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

## I. BACKGROUND

On 24 December 2021, the board of Directors of the Company approved MCC Engineering, a subsidiary of the Company, to form the Joint Venture with Minmetals Securities and Guiyang Industrial Holdings Public Housing. Pursuant to the Investment Agreement, MCC Engineering will contribute RMB57,497,400 in monetary funds to the Joint Venture, representing 10% of the total capital of the Joint Venture.

## II. INVESTMENT AGREEMENT

The principal terms of the Investment Agreement are summarised as follows:

### Parties

MCC Engineering, Minmetals Securities and Guiyang Industrial Holdings Public Housing

### Business Scope of the Joint Venture

The development, construction and management of the reconstruction of the resettlement housing project in the urban village of shanty town in Yangguan Area, Guanshanhu District (subject to the final approval and registration by the Administration for Market Regulation Department).

### Name of the Joint Venture and Capital Contribution

Guanshanhu Yangguan Resettlement Housing Development Co., Ltd. (subject to the final approval and registration by the Administration for Market Regulation Department)

<b>Parties</b>	<b>Amount of capital contribution to the Joint Venture (RMB'0000)</b>	<b>Percentage of shareholding in the Joint Venture (%)</b>
Guiyang Industrial Holdings Public Housing	40,249.39	70
Minmetals Securities	11,500.00	20
MCC Engineering	5,749.74	10
<b>Total</b>	<b>57,499.13</b>	<b>100</b>

Guiyang Industrial Holdings Public Housing will consolidate the financial statements of the Joint Venture.

The amount of capital contribution under the Investment Agreement was determined after arm's length negotiation between MCC Engineering, Minmetals Securities and Guiyang Industrial Holdings Public Housing.

### **Time of Capital Contribution**

The specific time of capital contribution shall be subject to the time notified by the Construction Bureau of Guanshanhu District which is the owner party of the reconstruction of the resettlement housing project in the urban village of shanty town in Yangguan Area, Guanshanhu District, Guiyang City, Guizhou Province.

### **Governance Structure of the Joint Venture**

The Joint Venture does not have a board of directors, but comprise one executive director to be appointed by Guiyang Industrial Holdings Public Housing.

The Joint Venture does not have a board of supervisors, but comprise two supervisors, one to be appointed by MCC Engineering and the other to be appointed by the Construction Bureau of Guanshanhu District, of which the supervisor appointed by MCC Engineering is the supervisor-in-charge of the Joint Venture.

The Joint Venture shall comprise one general manager, three deputy general managers, one chief engineer and one chief financial officer. Guiyang Industrial Holdings Public Housing shall appoint the general manager of the Joint Venture, and MCC Engineering shall appoint a deputy general manager or chief financial officer.

The legal representative of the Joint Venture shall be its executive director.

## **III. REASONS FOR AND BENEFITS OF THE TRANSACTION**

The Joint Venture is proposed to be principally engaged in the reconstruction and resettlement housing project in the urban village of shanty town in Yangguan Area, Guanshanhu District, Guiyang City, Guizhou Province. The Directors believe that the participation in the formation of the Joint Venture for the implementation of the above project is of strategic significance for the Group to explore the market in Guiyang City, and is of great significance for the Group to enhance its influence in Guiyang City and participate in the construction of subsequent projects. In view of the above, the Directors (including the independent non-executive Directors) consider that the formation of the Joint Venture is beneficial to the development of the Group, which is carried out in the ordinary course of business and on normal commercial terms, and is fair and reasonable and in the interests of the Company and its shareholders as a whole.

Mr. Guo Wenqing, Mr. Zhang Mengxing and Mr. Yan Aizhong, who hold positions in China Minmetals or its subsidiaries, have abstained from voting on the resolution of the board of Directors to approve the Transaction.

#### **IV. LISTING RULES IMPLICATIONS**

China Minmetals, the indirect Controlling Shareholder of the Company, indirectly holding approximately 49.18% of the total number of issued shares of the Company as at the date of this announcement, is a connected person of the Company. Minmetals Securities is a non-wholly owned subsidiary of China Minmetals, and is also a connected person of the Company. Accordingly, the formation of the Joint Venture constitutes a connected transaction of the Company.

Pursuant to Rule 14A.81 of the Listing Rules, a series of connected transactions will be aggregated and treated as if they were one transaction if they were all conducted or completed within the same 12-month period or were otherwise related with each other. On 12 October 2021, China First Metallurgical, a subsidiary of the Company, entered into a joint venture agreement, namely the Construction Contract for the Renovation Project of the Old City in Northeast Puyang City, with Minmetals Securities. In the Previous Transaction and the Transaction, the counterparties of the subsidiaries of the Company are Minmetals Securities and the transactions are of similar nature. Therefore, the Previous Transaction and the Transaction shall be aggregated.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) in respect of the Transaction, when aggregated with the Previous Transaction, are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

#### **V. GENERAL INFORMATION**

##### **Guiyang Industrial Holdings Public Housing**

Guiyang Industrial Holdings Public Housing is principally engaged in the construction of public rental housing and resettlement housing projects in Guiyang City. Its principal business includes construction engineering, real estate development and operation, land development and consolidation, construction engineering, civil engineering contracting and subcontracting, conference and exhibition services, hotel project investment, hotel management, construction, operation and management of urban infrastructure and ancillary projects, etc. The ultimate beneficial owners of Guiyang Industrial Holdings Public Housing is the State-owned Assets Supervision and Administration Commission of Guiyang Municipal People's Government.

## **The Group and MCC Engineering**

The Group has strong capabilities in metallurgical engineering. It is a large multi-national conglomerate operating in various specialized fields across different industries, with engineering contracting, property development, equipment manufacturing and resources development as its principal businesses.

MCC Engineering is a subsidiary of the Company and is principally engaged in various engineering construction activities, road freight transportation, geological disaster management engineering construction, construction engineering survey, construction engineering design and other businesses.

## **Minmetals Securities**

The principal business of Minmetals Securities covers securities brokerage, securities investment consulting, financial advisory on securities trading and securities investment activities, proprietary securities operations, securities asset management, margin trading, sales of securities investment fund, sales of financial products by proxy and securities underwriting and sponsoring.

## **VI. DEFINITIONS**

“China First Metallurgical”	China First Metallurgical Group Co., Ltd.* (中國一冶集團有限公司), a limited liability company established in the PRC and a subsidiary of the Company
“China Minmetals”	China Minmetals Corporation* (中國五礦集團有限公司), a state wholly-owned enterprise established in the PRC under the direct control of the State-owned Assets Supervision and Administration Commission of the State Council and the indirect Controlling Shareholder of the Company
“Company”	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
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company

“Group”	the Company and its subsidiaries
“Guiyang Industrial Holdings Public Housing”	Guiyang Industrial Holdings Public Housing Construction Investment Co., Ltd.* (貴陽產控公屋建設投資有限公司), a company established in the PRC with limited liability and a wholly-owned subsidiary of Guiyang Industrial Development Holdings Group Co., Ltd.
“Investment Agreement”	the agreement proposed to be entered into between MCC Engineering, Minmetals Securities and Guiyang Industrial Holdings Public Housing in relation to the formation of the Joint Venture
“Joint Venture”	the joint venture jointly formed by MCC Engineering, a subsidiary of the Company, Minmetals Securities and Guiyang Industrial Holdings Public Housing as approved by the board of Directors of the Company as at 24 December 2021. The tentative name of the Joint Venture is Guanshanhu District Yangguang Resettlement Housing Development Co., Ltd.* (觀山湖區陽關安置房開發有限公司) (the specific name shall be subject to the approval by the Administration for Market Regulation Department)
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
“MCC Engineering”	China Metallurgical Construction Engineering Group Co., Ltd.* (中冶建工集團有限公司), a limited liability company established in the PRC and a subsidiary of the Company
“Minmetals Securities”	Minmetals Securities Co., Ltd.* (五礦證券有限公司), a company incorporated under the laws of the PRC with limited liability and a non-wholly owned subsidiary of China Minmetals
“PRC”	the People’s Republic of China
“Previous Transaction”	the entering into of the Construction Contract for the Renovation Project of the Old City in Northeast Puyang City between China First Metallurgical and Minmetals Securities for the formation of a joint venture

“RMB”	Renminbi, the lawful currency of the PRC
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transaction”	the formation of the Joint Venture by MCC Engineering, Minmetals Securities and Guiyang Industrial Holdings Public Housing

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

Beijing, the PRC  
24 December 2021

*As at the date of this announcement, the board of directors of the Company comprises two executive directors: Mr. Guo Wenqing and Mr. Zhang Mengxing; three independent non-executive directors: Mr. Zhou Jichang, Mr. Yu Hailong and Mr. Ng, Kar Ling Johnny; and one non-executive director: Mr. Yan Aizhong.*

\* *For identification purposes only*