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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF ACCOUNTS RECEIVABLE

DISPOSAL OF ACCOUNTS RECEIVABLE

The Board is pleased to announce that on 27 September 2022, China MCC 5, a subsidiary of the Company, entered into the Sale and Purchase Agreement with Hwabao Securities, pursuant to which China MCC 5 has agreed to dispose of and Hwabao Securities (on behalf of the Special Plan) has agreed to acquire the Accounts Receivable with an estimated book value of no more than RMB6,000 million at an estimated consideration of no more than RMB5,800 million. Hwabao Securities will, as the custodian, establish the Special Plan, with the Accounts Receivable as the underlying assets. The duration of the Special Plan is expected to be no more than three years.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Transaction exceed 5% but are less than 25%, the Transaction constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

In addition, as the seller of both the Previous Transaction and the Transaction thereunder is China MCC 5, a subsidiary of the Company, the purchaser of both transactions is Hwabao Securities, and the nature, structure and terms of the Previous Transaction are similar to those of the Transaction, the Previous Transaction and the Transaction will be calculated on an aggregate basis pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Transaction on an aggregate basis with the Previous Transaction are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND INFORMATION

The Board is pleased to announce that on 27 September 2022, China MCC 5, a subsidiary of the Company, entered into the Sale and Purchase Agreement with Hwabao Securities, pursuant to which China MCC 5 has agreed to dispose of and Hwabao Securities (on behalf of the Special Plan) has agreed to acquire the Accounts Receivable with an estimated book value of no more than RMB6,000 million at an estimated consideration of no more than RMB5,800 million. Hwabao Securities will, as the custodian, establish the Special Plan, with the Accounts Receivable as the underlying assets. The duration of the Special Plan is expected to be no more than three years.

MAJOR TERMS OF THE SALE AND PURCHASE AGREEMENT

- Date : 27 September 2022
- Parties : China MCC 5 (as the seller); and
Hwabao Securities (as the purchaser)
- Accounts Receivable to be Transferred : Pursuant to the Sale and Purchase Agreement, China MCC 5 has agreed to transfer the Accounts Receivable to Hwabao Securities, which include:
- (i) all titles and related interests (present and future, existing and contingent) of the Accounts Receivable;
 - (ii) all the repayments, due or to become due, attributable to the Accounts Receivable;
 - (iii) the proceeds from recovery, sale or otherwise disposal of the Accounts Receivable;
 - (iv) the rights to request, sue, recover and receive all the payments in relation to the Accounts Receivable (no matter whether such payments are payable by the payment obligors under the underlying contracts); and
 - (v) the interests arising from commitments in relation to the Accounts Receivable and enforcement rights of all the rights and legal remedies arising from the Accounts Receivable.

Consideration and Payment : The consideration in respect of the transfer of the Accounts Receivable is estimated to be no more than RMB5,800 million, which is calculated by multiplying the book value of the Accounts Receivable by a discount rate which is determined after arm's length negotiations between China MCC 5 and Hwabao Securities with reference to the future recoverability of the Accounts Receivable.

Hwabao Securities shall pay the consideration to China MCC 5 on the date of establishment and during the subsistence of the Special Plan by bank transfer.

Conditions Precedent : The conditions precedent for the completion of the Transaction mainly include, among others:

- (i) Hwabao Securities having received or obtained all the consents, approvals and authorizations necessary for performing its obligations under the Sale and Purchase Agreement and other documents relating to the Special Plan;
- (ii) China MCC 5 having received or obtained all the approvals, consents and authorizations necessary for performing its obligations under the Sale and Purchase Agreement, including but not limited to copies of the Board resolutions;
- (iii) the Special Plan being established in accordance with the terms set out in the Standard Terms;
- (iv) China MCC 5 not having breached its representations and warranties set out in the Sale and Purchase Agreement and other documents relating to the Special Plan up to the date of payment of the consideration by Hwabao Securities to China MCC 5; and
- (v) Hwabao Securities (together with its legal advisors and accountants, etc.) having completed the due diligence on the underlying assets in respect of the Special Plan.

PREVIOUS TRANSACTION

Prior to the Transaction, China MCC 5 (as the seller), a subsidiary of the Company, entered into a sale and purchase agreement for certain accounts receivable with Hwabao Securities (as the purchaser) on 26 January 2021. Pursuant to the agreement, China MCC 5 agreed to dispose of and Hwabao Securities (on behalf of the asset-backed special plan under the said agreement with China MCC 5's accounts receivable as the underlying assets) agreed to purchase certain accounts receivable with an estimated book value of no more than RMB6,000 million from China MCC 5 at an estimated consideration of no more than RMB5,700 million. Hwabao Securities, as the custodian, established the above-mentioned special plan, with the accounts receivable of China MCC 5 as the underlying assets. The duration of the above-mentioned special plan is expected to be no more than three years. For details of the Previous Transaction, please refer to the announcement of the Company published on 26 January 2021.

As one or more applicable percentage ratios in respect of the Previous Transaction exceed 5% but are less than 25%, the Previous Transaction constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is subject to the reporting and announcement requirements.

FINANCIAL IMPACTS OF THE TRANSACTION

It is estimated that the Group will recognize a financing cost of not exceeding RMB200 million in respect of the Transaction, which is calculated based on the book value of the Accounts Receivable, less the maximum total consideration of the Transaction. The final amount of the financing cost of the Transaction shall be determined based on the final transfer size and consideration of the Accounts Receivable to be transferred.

The proceeds from the Transaction will be used to replenish the working capital of China MCC 5.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Board believes that the Transaction will help (i) revitalize the Group's assets; (ii) control its risk in accounts receivable; (iii) reduce its amount of accounts receivable so as to optimize its asset structure; and (iv) increase the Group's liquidity and improve its asset efficiency and financial condition, thereby optimizing its financial statements. The Directors consider that the Transaction is entered into on normal commercial terms in the usual and ordinary course of business of the Group, is fair and reasonable, and is in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Transaction exceed 5% but are less than 25%, the Transaction constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

In addition, as the seller of both the Previous Transaction and the Transaction thereunder is China MCC 5, a subsidiary of the Company, the purchaser of both transactions is Hwabao Securities, and the nature, structure and terms of the Previous Transaction are similar to those of the Transaction, the Previous Transaction and the Transaction will be calculated on an aggregate basis pursuant to Rule 14.22 of the Listing Rules.

As one or more of the applicable percentage ratios in respect of the Transaction on an aggregate basis with the Previous Transaction are more than 5% but less than 25%, the Transaction constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

GENERAL INFORMATION

The Group has strong construction capabilities in metallurgical engineering. It is a large conglomerate operating in various specialized fields, across different industries and in many countries, with engineering contracting, property development, equipment manufacturing and resources development as its principal businesses. China MCC 5, a subsidiary of the Company, is principally engaged in engineer contracting business.

Hwabao Securities is a limited liability company incorporated under the laws of the PRC on 4 March 2002. Hwabao Securities is principally engaged in securities brokerage, securities investment consulting, securities asset management, securities underwriting and other businesses.

Based on the available public information and to the best of the Directors' knowledge after making reasonable enquiries, as at the date of this announcement, Hwabao Securities is ultimately controlled by the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Hwabao Securities and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

DEFINITIONS

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

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| “Accounts Receivable” | the accounts receivable and related interests of China MCC 5 against the relevant payment obligors under certain construction contracts |
| “Board” | the board of Directors of the Company |
| “China MCC 5” | China MCC 5 Group Corp., Ltd.* (中國五冶集團有限公司), a company with limited liability incorporated under the laws of the PRC on 22 September 1980 and a subsidiary of the Company |
| “Company” | Metallurgical Corporation of China Ltd.* (中國冶金科工股份有限公司), a joint stock limited 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 |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “Hwabao Securities” | Hwabao Securities Co., Ltd. (華寶證券股份有限公司), a joint stock limited company with limited liability incorporated under the laws of the PRC on 4 March 2002 |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time |
| “PRC” | the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan |

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| “Previous Transaction” | the transaction under the sale and purchase agreement for certain accounts receivable entered into between China MCC 5 (as the seller) and Hwabao Securities (as the purchaser) on 26 January 2021 |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Sale and Purchase Agreement” | the sale and purchase agreement for the underlying assets under the Accounts Receivable Asset-backed Special Plan entered into between China MCC 5 and Hwabao Securities on 27 September 2022 |
| “Special Plan” | the asset-backed special plan to be established by Hwabao Securities as the custodian, with the Accounts Receivable as the underlying assets |
| “Standard Terms” | the standard terms in respect of the Accounts Receivable Asset-backed Special Plan of China MCC 5 dated 27 September 2022 |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules |
| “Transaction” | the disposal of the Accounts Receivable by China MCC 5 to Hwabao Securities in accordance with the Sale and Purchase Agreement |

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

Beijing, the PRC
27 September 2022

As at the date of this announcement, the Board of the Company comprises executive Directors: Mr. Chen Jianguang and Mr. Zhang Mengxing; non-executive Directors: Mr. Lang Jia and Mr. Yan Aizhong (employee representative Director); and independent non-executive Directors: Mr. Zhou Jichang, Mr. Liu Li and Mr. Ng, Kar Ling Johnny.

* *For identification purposes only*