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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)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS – REVISION OF ANNUAL CAPS FOR TRANSACTIONS UNDER THE FRAMEWORK AGREEMENT

BACKGROUND

References are made to the announcement of the Company dated 29 March 2022 and the supplemental announcement of the Company dated 25 May 2022 in relation to the Framework Agreement entered into between the Company and China Minmetals on six types of connected transactions carried out between both parties in the ordinary and usual course of business.

In order to expand its business, the Group will expand its scale of trading with China Minmetals Group in 2022 and 2023. As a result, the annual caps for transactions under the Framework Agreement for the years ending 31 December 2022 and 31 December 2023 could not meet the business needs of the Group. Therefore, the Company plans to increase the annual caps for metallurgical and management services (expenditure) transactions for the years ending 31 December 2022 and 31 December 2023 from RMB47.58 million and RMB56.06 million to RMB268.58 million and RMB277.06 million, respectively. As of 30 September 2022, the cumulative transaction amount of metallurgical and management services (expenditure) transactions was RMB41.375 million, representing 86.96% of the existing annual cap for the year ending 31 December 2022.

As of the date of this announcement, the cumulative transaction amount of the respective connected transactions under the Framework Agreement has not exceeded their existing annual caps for the year ending 31 December 2022.

Except for the transaction types to be revised as announced in this announcement, the annual caps for other transaction types under the Framework Agreement for the years ending 31 December 2022 and 31 December 2023 remain unchanged.

LISTING RULES IMPLICATIONS

China Minmetals, an indirect controlling shareholder of the Company, is a connected person of the Company. As such, all transaction types under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the revised annual caps for the metallurgical and management services (expenditure) transactions for the years ending 31 December 2022 and 31 December 2023 under the Listing Rules exceed 0.1% but are lower than 5%, such transactions are subject to the reporting, announcement and annual review requirements but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

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As of the date of this announcement, the cumulative transaction amount of the respective connected transactions under the Framework Agreement has not exceeded their existing annual cap for the year ending 31 December 2022.

Except for the transaction types to be revised as announced in this announcement, the annual caps for other transaction types under the Framework Agreement for the years ending 31 December 2022 and 31 December 2023 remain unchanged.

OVERVIEW OF METALLURGICAL AND MANAGEMENT SERVICES (EXPENDITURE) TRANSACTIONS

Pursuant to the Framework Agreement, the Group and China Minmetals Group carried out six types of transactions, including sale and purchase of materials, engineering construction, asset financing services, production and maintenance services, metallurgical and management services and property leasing. The signing of the Framework Agreement will not prejudice the rights of either party to choose counterparties for transactions or conduct similar transactions with third parties.

Metallurgical and management services (expenditure) transactions mainly involve the logistics and transport services provided by China Minmetals Group which do not arise from procurement activities, and the financial advisory services in relation to the bonds issued by the Company.

HISTORICAL TRANSACTION AMOUNTS AND EXISTING ANNUAL CAPS AND REVISED ANNUAL CAPS FOR 2022 AND 2023

In respect of the metallurgical and management services (expenditure) transactions with China Minmetals Group for the two years ended 31 December 2020 and 2021, the amounts paid by the Group to China Minmetals Group were RMB4.843 million and RMB17.725 million, respectively. As of 30 September 2022, the cumulative amount of metallurgical and management services (expenditure) transactions was RMB41.375 million, representing 86.96% of the existing annual cap for the year ending 31 December 2022. However, due to the reasons and benefits disclosed below, the Company expected that the existing annual caps for the years ending 31 December 2022 and 31 December 2023 could not meet the business needs of the Group. As a result, the Board passed a resolution on 27 October 2022 to revise the relevant annual caps as follows:

Unit: RMB0'000

	Existing annual cap for the year ending 31 December 2022	Revised annual cap for the year ending 31 December 2022	Existing annual cap for the year ending 31 December 2023	Revised annual cap for the year ending 31 December 2023
Metallurgical and management services (expenditure) transactions	<u>4,758</u>	<u>26,858</u>	<u>5,606</u>	<u>27,706</u>

The annual caps of other transactions types under the Framework Agreement for the years ending 31 December 2022 and 31 December 2023 remain unchanged.

REASONS FOR AND BENEFITS OF THE REVISION OF ANNUAL CAPS

According to the implementation of the new overseas general contracting projects of the subsidiaries of the Company, the Company expects to increase the expenses for logistics services accordingly. In particular, according to the open tenders of the subsidiaries of the Company, the subsidiary of China Minmetals had won tenders for the logistics services of certain of the aforesaid projects, so it is expected that the transaction amount of connected transactions for 2022 may exceed the existing caps.

China Minmetals is a comprehensive conglomerate focusing on metal and mineral products business, and possesses trade-based, resource-backed, industry- and trading-integrated and vertically-extended capabilities. With a global trading and distribution network and outstanding warehousing, logistics and distribution capabilities, China Minmetals Group is a circulation service provider of bulk metal and mineral products with a large scale of domestic operation, extensive network coverage and comprehensive service capabilities. Since China Minmetals Group and the Group possess different capabilities, they can create complementary advantages, hence satisfying the specific needs for engineering construction and production operation. The connected transactions between the Company and China Minmetals are carried out based on the business characteristics and business development needs of the Company, which can make full use of the resources and advantages of China Minmetals Group, realize complementary advantages and rational allocation of resources, hence achieving a win-win cooperation. In addition, the arrangements have positive significance to the development of the Company and are beneficial to the interests of Shareholders as a whole.

The Directors are of the view that the transactions under the Framework Agreement are entered into on normal commercial terms during the usual and ordinary course of business of the Group, are fair and reasonable, and in the interests of the Company and the Shareholders as a whole, and the revised annual caps for the metallurgical and management services (expenditure) transactions are fair and reasonable.

Mr. Chen Jianguang, Mr. Zhang Mengxing and Mr. Yan Aizhong hold positions in China Minmetals and/or CMGC, and they had abstained from voting on the resolutions of the Board to approve the revised annual caps for the metallurgical and management services (expenditure) transactions under the Framework Agreement.

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 Minmetals is a state wholly-owned enterprise established in the PRC. It is a comprehensive conglomerate focusing on metal and mineral products business, and possessing trade-based, resource-backed, industry- and trading-integrated and vertically-extended capabilities.

LISTING RULES IMPLICATIONS

China Minmetals, an indirect controlling shareholder of the Company, is a connected person of the Company. As such, all transaction types under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As one or more of the applicable percentage ratios of the revised annual caps for the metallurgical and management services (expenditure) transactions for the years ending 31 December 2022 and 31 December 2023 under the Listing Rules exceed 0.1% but are lower than 5%, such transactions are subject to the reporting, announcement and annual review requirements but exempt from the Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors of the Company
“China Minmetals”	China Minmetals Corporation* (中國五礦集團公司), a wholly state-owned enterprise established in the PRC under the direct control of the State-owned Assets Supervision and Administration Commission of the State Council, and an indirect controlling shareholder of the Company
“China Minmetals Group”	China Minmetals and its subsidiaries and associates, including CMGC and its subsidiaries but excluding the Group
“CMGC”	China Metallurgical Group Corporation* (中國冶金科工集團有限公司), a wholly state-owned enterprise established in the PRC, a direct controlling shareholder of the Company and a wholly-owned subsidiary of China Minmetals

“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, whose A shares and H shares are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company, including all executive directors, non-executive directors and independent non-executive directors
“Framework Agreement”	the Mutual Supply of Comprehensive Raw Materials, Products and Services Agreement entered into between the Company and China Minmetals on 25 May 2022
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Shareholders”	has the meaning ascribed to it under the Listing Rules
“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 and for the sole purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	shareholders of the Company

“Stock Exchange”

The Stock Exchange of Hong Kong Limited

“subsidiary(ies)”

has the meaning ascribed to it under the Listing Rules

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

Beijing, the PRC
27 October 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*