
THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

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 or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

This circular is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.



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)

**(1) PROPOSED APPROVAL OF THE
GRANT OF GENERAL MANDATE TO THE BOARD OF
DIRECTORS TO ISSUE NEW SHARES;
(2) PROPOSED ISSUANCE OF PREFERENCE SHARES IN THE PRC;
AND
(3) NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2023**

A letter from the Board of the Company is set out on pages 1 to 20 of this circular.

A notice convening the EGM to be held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the PRC, at 2:00 p.m. on Monday, 11 September 2023, is set out on pages 21 to 26 of this circular. If you intend to appoint a proxy to attend the EGM, 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 H-share Holders), not less than 24 hours before the time fixed for the holding of the EGM 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 EGM or at any adjourned meeting thereof should you so wish.

If you intend to attend the EGM in person or by proxy, you are required to complete and return the accompanying reply slip to Computershare Hong Kong Investor Services Limited (for H-share Holders) on or before Thursday, 7 September 2023.

21 August 2023

* *For identification purposes only*

CONTENTS

	<i>Page</i>
DEFINITIONS	ii
LETTER FROM THE BOARD	1
NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2023	21
APPENDIX I – PROPOSED ISSUANCE OF PREFERENCE SHARES IN THE PRC ...	I-1
APPENDIX II – FEASIBILITY ANALYSIS REPORT OF THE USE OF PROCEEDS ...	II-1
APPENDIX III – THE DILUTION OF CURRENT RETURN TO SHAREHOLDERS BY THE PROPOSED ISSUANCE AND THE REMEDIAL MEASURES TO BE ADOPTED	III-1
APPENDIX IV – PROPOSED SHAREHOLDERS’ DIVIDEND RETURN PLAN FOR THE YEARS OF 2023 TO 2025	IV-1
APPENDIX V – PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION	V-1
APPENDIX VI – PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR THE GENERAL MEETINGS	VI-1
APPENDIX VII – PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR THE BOARD MEETINGS	VII-1
APPENDIX VIII – PROPOSED AMENDMENTS TO THE A SHARE PROCEEDS MANAGEMENT SYSTEM	VIII-1

DEFINITIONS

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

“A Shares”	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
“A-share Holder(s)”	holder(s) of A Shares
“Articles of Association” or “Articles”	the articles of association of the Company
“Board” or “Board of Directors”	the board of Directors of the Company
“Chairman”	the chairman 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, and (unless the context requires otherwise) all of its subsidiaries, the H shares of which are listed on the Hong Kong Stock Exchange (stock code: 1618) and the A shares of which are listed on the Shanghai Stock Exchange (stock code: 601618)
“Company Law”	the Company Law of the PRC (as amended from time to time)
“CSRC”	China Securities Regulatory Commission
“Director(s)”	the director(s) of the Company
“EGM”	the 2023 first extraordinary general meeting of the Company to be held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the People’s Republic of China at 2:00 p.m. on Monday, 11 September 2023 to approve, inter alia, the Proposed Issuance
“H Shares”	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 (stock code: 1618)
“H-share Holder(s)”	holder(s) of H Shares
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Independent Non-executive Director(s)”	the independent non-executive Director(s) of the Company
“Issuance Plan”	the plan for the Proposed Issuance
“Latest Practicable Date”	15 August 2023
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Non-executive Director(s)”	the non-executive Director(s) of the Company
“Ordinary Shares”	A Shares and H Shares (or either of them, as the case may be)
“Ordinary Shareholders”	holders of Ordinary Shares
“PRC”	the People’s Republic of China (which, for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan)
“PRC Rules on Preference Shares”	has the meaning defined on page 4 of this circular
“Preference Shares”	preference shares to be issued by the Company
“Preference Shareholders”	holders of Preference Shares
“Proposed Issuance”	the proposed issuance of Preference Shares in the PRC by the Company
“RMB”	Renminbi, the lawful currency of the PRC
“Rules of Procedures”	the following rules of procedures of the Company: (i) the Rules of Procedures for the General Meetings of the Company; and (ii) the Rules of Procedures for the Board Meetings of the Company
“Securities Law”	the Securities Law of the PRC (as amended from time to time)
“Share(s)”	share(s) in the issued capital of the Company
“Shareholder(s)”	Ordinary Shareholders and Preference Shareholders



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. Chen Jianguang *(Executive Director)*
Mr. Zhang Mengxing *(Executive Director)*
Mr. Zhou Jichang *(Independent Non-executive Director)*
Mr. Lang Jia *(Non-executive Director)*
Mr. Liu Li *(Independent Non-executive Director)*
Mr. Ng, Kar Ling Johnny
(Independent Non-executive Director)
Mr. Yan Aizhong *(Non-executive Director)*

Registered office:

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

21 August 2023

To the Shareholders,

Dear Sir or Madam,

- (1) PROPOSED APPROVAL OF THE
GRANT OF GENERAL MANDATE TO THE BOARD OF
DIRECTORS TO ISSUE NEW SHARES;
(2) PROPOSED ISSUANCE OF PREFERENCE SHARES IN THE PRC;
AND
(3) NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2023**

* *For identification purposes only*

LETTER FROM THE BOARD

I. INTRODUCTION

The purpose of this circular is to give you notice of the EGM and to provide you with all the necessary information on (i) the proposed approval of the grant of general mandate to the Board of Directors to issue new Shares (including the Preference Shares); and (ii) the Proposed Issuance of Preference Shares in the PRC in order to enable you to make an informed decision on whether to vote for or against the proposed resolutions at the EGM.

II. PROPOSED APPROVAL OF THE GRANT OF GENERAL MANDATE TO THE BOARD OF DIRECTORS TO ISSUE NEW SHARES

Reference is made to the announcement of the Company dated 21 June 2023 in relation to, among other things, the proposed approval of the proposal of grant of general mandate to issue new Shares by the Shareholders. The Board has, pursuant to the Listing Rules, resolved to seek approval from the Shareholders to approve the grant of the proposed general mandate.

In respect of such general mandate:

- (1) Subject to the conditions below, the Board will be authorized during the Relevant Period (as defined below), unconditionally granted all powers and authorities of the Company to separately or concurrently allot, issue and/or deal with new A Shares and/or H Shares and/or Preference Shares and to make, grant, or enter into offers, agreements, options or conversion rights and/or grant offer recommendations in respect thereof:
 - (i) such mandate shall not extend beyond the Relevant Period save that the Board during the Relevant Period may make, grant or enter into offers, agreements, options or conversion rights and/or grant offer recommendations which might require the exercise of such powers upon or after the end of the Relevant Period;

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

- (a) the conclusion of the next annual general meeting of the Company following the passing of this resolution;

LETTER FROM THE BOARD

- (b) the expiration of the 12-month period following the passing of this resolution;
or
 - (c) the date on which the authority granted to the Board by this resolution is revoked or varied by a special resolution of the Shareholders in any general meeting;
- (ii) the number of (i) A Shares and/or H Shares; and/or (ii) Preference Shares (based on the equivalent number of A Shares and/or H Shares which would result from the simulated conversion of the restored voting rights of Preference Shares at the initial simulated conversion price) to be separately or concurrently allotted, issued and/or dealt with, or conditionally or unconditionally agree to allot, issue or and/or deal with by the Board, shall not exceed 20% of each of the existing A Shares and/or H Shares in issue as at the date of the passing of this resolution; and
- (iii) the Board will only exercise its power under such mandate in accordance with the relevant laws and regulations of the PRC, the listing rules of the places 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 CSRC and other relevant PRC governmental authorities are obtained.
- (2) Contingent on the Board resolving to allot, issue and deal with Shares pursuant to this resolution, the Board will be authorised to approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issuance, 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.
- (3) The Board will be authorized to make such amendments to the Articles of Association as it thinks as appropriate and necessary upon the completion of such allotment, issuance of and dealing with new Shares, 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 to its industry and commerce registration) to give effect to the issuance of Shares.

LETTER FROM THE BOARD

- (4) 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 of the Company such mandate to deal with and handle all matters in relation to the allotment and issuance of Shares.

In accordance with the relevant 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 the Shareholders at the general meeting for consideration and approval despite having been granted the general mandate.

The proposed general mandate is subject to Shareholders' approval by way of special resolution at the EGM. The resolution on the general mandate, if approved at the EGM, shall remain valid during the Relevant Period.

When the Relevant Period of the general mandate expires during the 24-month validity period for the Proposed Issuance, the Company may seek Shareholders' approval to renew the general mandate (if necessary).

III. PROPOSED ISSUANCE OF PREFERENCE SHARES IN THE PRC

(i) Introduction

In order to further enhance the Company's overall competitiveness and strengthen its sustainability capabilities, the Company proposed to issue Preference Shares in the PRC in accordance with the Company Law, the Securities Law, the State Council's Guiding Opinions on the Launching of the Pilot Scheme of Preference Shares (《國務院關於開展優先股試點的指導意見》), the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision) (《優先股試點管理辦法(2023修正)》), as well as other relevant laws, regulations and normative documents (the "PRC Rules on Preference Shares"), and other relevant rules.

(ii) The Company's eligibility to issue Preference Shares to qualified investors under the PRC Rules on Preference Shares

In accordance with the requirements of the PRC Rules on Preference Shares, the Company has confirmed that it meets, in all material respects, the requirements of the existing laws, regulations and normative documents in terms of the relevant qualifications and conditions for the issuance of domestic preference shares to specific subscribers by the listed company after reviewing the actual operation of the Company and relevant matters item by item. The implementation of the issuance has been approved by the State-owned Assets Supervision and Administration Commission of the State Council, but is still subject to the approval at the general meeting of the Shareholders, the examination and approval by the Shanghai Stock Exchange and the registration with the CSRC.

LETTER FROM THE BOARD

(iii) Issuance Plan for Preference Shares to be issued in the PRC

The Company has formulated a preliminary issuance plan in relation to the Proposed Issuance (the “**Issuance Plan**”), which includes: (i) type and number of Preference Shares to be issued, (ii) method of the issuance, target investors and the placing arrangement to existing Shareholders, (iii) par value and issuance price, (iv) principles for determination of the dividend rate, (v) method of the profit distribution for the Preference Shares, (vi) redemption terms, (vii) voting rights restrictions and restoration, (viii) sequence of settlement and method of liquidation, (ix) rating arrangement, (x) guarantee arrangement, (xi) listing and transfer arrangement upon Proposed Issuance, (xii) use of proceeds; and (xiii) validity period of the resolution in respect of the Proposed Issuance.

A summary of the principal terms of the Preference Shares is set out below:

Type and Number of Preference Shares to be Issued

The total number of the Preference Shares to be issued in the Proposed Issuance in the PRC shall not exceed 150 million Shares with the proceeds not more than RMB15 billion, the specific amount of which shall be determined by the Board within the limit set out above in accordance with the authorization of EGM and with reference to the regulatory requirements and market condition.

Based on the stimulated conversion price of RMB4.47 per Share, being the net asset value per Share attributable to Shareholders under the audited consolidated financial statements of the Group dated 31 December 2022 (see “**Voting Right Restoration**” below for more details), the maximum number of A Shares which would result from the simulated conversion of the restored voting rights of Preference Shares under the Proposed Issuance (based on the maximum proceeds of RMB15 billion) will be 3,355,704,697, which is equivalent to 18.8% of the total A Shares in issue as at the date of this circular, and will comply with the 20% threshold under the proposed general mandate to be approved at the EGM.

The Preference Shares are non-convertible and without any clause on the right to sell back.

LETTER FROM THE BOARD

Method of Issuance

The Preference Shares will be issued to not more than 200 qualified investors in accordance with the Administrative Measures on the Pilot Scheme of Preference Shares (《優先股試點管理辦法》) and other laws and regulations. Upon the registration with the CSRC, the first tranche, being no less than 50% of the total number of Preference Shares to be issued, will be issued within 6 months, and the rest will be issued within 24 months.

Target Investors and Placing Arrangement to Existing Shareholders

The Preference Shares will be issued to no more than 200 qualified investors with the same terms under the PRC Rules on Preference Shares and other relevant laws and regulations.

There is no preferential placement arrangement to the existing Shareholders of the Company under the Proposed Issuance. The controlling Shareholders or beneficial owners of the Company or any affiliates controlled by any of them will not subscribe directly or indirectly for the Preference Shares issued to specific targets, nor will it subscribe for the Preference Shares issued to specific targets in disguised form through asset management plans or other means. The controlling Shareholders of the Company will not participate indirectly in the subscription of the Preference Shares by any means and the connected persons of the Company and their respective associates will not, directly or indirectly, participate in the Proposed Issuance.

LETTER FROM THE BOARD

Par Value and issuance price

The Preference Shares will have a par value of RMB100 per Share and will be issued at par.

There is no maturity date for the Preference Shares to be issued.

Principles for Determination of the Dividend Rate

The Preference Shares to be issued will carry fixed dividend rate with single step-up in dividend rate arrangement.

The dividend rate of the Preference Shares for the first three years from issuance shall be determined by the Board (or person(s) authorized by the Board) upon issuance, through inquiry methods or other methods approved by relevant regulatory bodies, in consultation with the sponsor(s) (lead underwriter(s)) according to the authorization obtained from the EGM and relevant policies, market condition, the situation of the Company and investors' demand.

If the Company does not exercise its redemption rights entirely, from the fourth anniversary of the dividend accruing date, the dividend rate will be the initial dividend rate for the first three years plus 200bp, and will remain unchanged after adjustments to dividend rate for the fourth anniversary of the dividend accruing date.

LETTER FROM THE BOARD

The dividend rate of the Preference Shares at the time of its issuance shall not be higher than the Company's average ratio of the annual weighted average return on equity for the two most recent financial years prior to the issuance. The dividend rate upon step-up adjustment shall not be higher than the average ratio of the annual weighted average return on equity for the two financial years prior to the adjustment. If the dividend rate at the time of such adjustment was higher than the average ratio of the annual weighted average return on equity for the two financial years prior to the adjustment, the dividend rate shall not be changed. If the dividend rate upon the increase in 200bp shall be higher than the average ratio of the annual weighted average return on equity for the two financial years prior to the adjustment, the dividend rate upon such adjustment shall be the average ratio of the annual weighted average return on equity for the two financial years prior to the adjustment.

Method of Profit Distribution

Please see Appendix I to this circular for details of the method of profit distribution for the Preference Shareholders.

Redemption Terms

i) The holder of redemption right

The redemption right of the Preference Shares rests on the Company. The Company is entitled to redeem and withdraw the Preference Shares of the Company in accordance with its operation situation and in compliance with relevant laws, regulations and other relevant rules. Preference Shareholders under the Proposed Issuance do not have the right to call for the Company's redemption of their Preference Shares.

LETTER FROM THE BOARD

ii) Conditions and timing of the redemption

The Company is entitled to redeem and withdraw all or part of the Preference Shares under the Proposed Issuance on every Dividend Payment Date up to the date when all the Preference Shares have been redeemed in full. The arrangement on the redemption right will be determined by the Board (or person(s) authorized by the Board) according to the authorization given under the Shareholders' general meetings.

Where the Board decides to carry out a partial redemption of the Preference Shares, the Company shall redeem the Preference Shares from all Preference Shareholders of the same tranche by the corresponding proportion.

iii) Redemption price and the principle for pricing

The redemption price shall be the par value plus current resolved payment of but unpaid dividends on the Preference Shares.

iv) The authorization of redemption

An approval will be sought from the Shareholders at the EGM on the authorization of the Board (or person(s) authorized by the Board) to deal with, at its sole discretion, all matters in relation to the redemption in accordance with the relevant laws and regulations and the market situation.

LETTER FROM THE BOARD

Voting Right Restriction and Restoration

i) Voting Right Restriction

The Preference Shareholders have no right to make a request to, convene, preside to, attend, or attend by proxy any Shareholders' general meeting, nor do their Preference Shares have voting rights, save as the matters to be voted by the Preference Shareholders in accordance with the laws and regulations or the Articles of Association.

Only in any of the following circumstances, the notice of Shareholder's general meeting shall be delivered to the Preference Shareholders prior to convention of such meeting by the Company. The Company shall also comply with the required notice procedure for Ordinary Shareholders set forth in the Company Law and the Articles of Association. The Preference Shareholders are entitled to attend the Shareholders' general meetings and vote on the following matters separately from the Ordinary Shareholders. In this case, each Preference Share shall have one vote, but the Preference Shares held by the Company shall have no voting right:

- any amendment to the provisions of the Articles of Association regarding the Preference Shares;
- any reduction of the registered capital of the Company by more than 10%, whether on an individual or cumulative basis;
- any merger, division, dissolution or change of organizational form of the Company;

LETTER FROM THE BOARD

- any issuance of Preference Shares by the Company; or
- any other circumstances prescribed by laws, administrative regulations, departmental rules or the Articles of Association.

Resolutions on the matters above shall be approved by at least two thirds of the votes represented by the Preference Shareholders present at the meeting (excluding the Preference Shareholders with voting rights restored), in addition to the approval by at least two thirds of the votes represented by the Ordinary Shareholders present at the meeting (including the Preference Shareholders with voting rights restored).

ii) Voting Right Restoration

If the Company fails to pay dividends to the Preference Shareholders as agreed for three financial years in aggregate or two consecutive financial years after the issuance of the Preference Shares, the Preference Shareholders shall have the same right to attend and vote at the Shareholders' general meetings with Ordinary A-share Holders from the date immediately following the day when the Shareholders' general meeting has approved the cancellation of payment of part of or full current dividend on the Preference Shares or the date immediately following the Dividend Payment Date when the dividend has not been paid as agreed.

Please see Appendix I to this circular for details of the number of voting rights of Ordinary A Shares entitled to each Preference Share.

LETTER FROM THE BOARD

- Sequence of Settlement and Method of Liquidation** If the Company is subject to liquidation due to reasons such as dissolution, bankruptcy, the residual property of the Company after the payment in accordance with the Company Law and the Enterprise Bankruptcy Law, shall be distributed according to the class of Shares held by the Shareholders and the ratio in the following sequences and method:
- i) pay the undistributed dividends and the liquidation amount stated in the Articles to the Preference Shareholders. If the residual property is not sufficient to pay all such amounts payable to the Preference Shareholders, then such distribution shall be made on a pro rata basis in accordance with the shareholding percentages of the Preference Shareholders; and
 - ii) distribute to Ordinary Shareholders.
- Rating Arrangement** The rating arrangement of the Preference Shares under the Proposed Issuance will be determined in accordance with relevant laws and regulations and market conditions in the PRC.
- Guarantee Arrangement** There is no guarantee arrangement in relation to the Proposed Issuance.

LETTER FROM THE BOARD

Listing and Transfer Arrangement upon Issuance of the Preference Shares No lock-up period is attached to the Preference Shares under the Proposed Issuance. The Preference Shares will be traded and transferred on the Shanghai Stock Exchange in accordance with the relevant provisions upon the Proposed Issuance, but will only be transferred among the qualified investors prescribed by the Administrative Measures on the Pilot Scheme of Preference Shares. The suitability standard for the investor in the transfer of Preference Shares should be consistent with that in the issuance of Preference Shares. After the transfer of Preference Shares, the total number of investors for the Preference Shares under the same terms shall be no more than 200.

Use of Proceeds Please see Appendix I to this circular for details of the use of proceeds.

Validity Period of the Resolution in respect of the Proposed Issuance The resolution in respect of the Proposed Issuance shall remain valid for 24 months starting from the date of registration with the CSRC.

More details of the Issuance Plan are set out in Appendix I to this circular.

(iv) Preliminary Issuance Plan for the Preference Shares to be issued in the PRC

In accordance with the PRC Rules on Preference Shares, the Company has prepared the resolutions for the Company's preliminary Issuance Plan for qualified investors. For details, please refer to the overseas regulatory announcement disclosed by the Company on the website of the Hong Kong Stock Exchange on 21 June 2023.

LETTER FROM THE BOARD

(v) **Feasibility analysis report of the use of proceeds**

The entirety of the net proceeds raised from the Proposed Issuance will be used for the additional working capital.

The details of the feasibility analysis report of the use of proceeds are set out in Appendix II to this circular.

The feasibility analysis report on the use of proceeds is subject to Shareholders' approval by way of special resolution at the EGM.

(vi) **The dilution of current return to Shareholders by the Proposed Issuance and the remedial measures to be adopted**

In accordance with the requirements under the *Opinions of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights of Minority Investors in the Capital Market* (Guo Ban Fa No. [2013]110) (《國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見》(國辦發[2013]110號)), the *Opinions of the State Council on Further Promoting Healthy Development of the Capital Market* (Guo Fa [2014] No. 17) (《國務院關於進一步促進資本市場健康發展的意見》(國發[2014]17號)), *CSRC's Guiding Opinions on Matters Relating to Dilution of Immediate Returns by IPO, Refinancing or Major Assets Restructuring* (CSRC Announcement [2015] No. 31) (中國證監會《關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見》(證監會公告[2015]31號)) and other relevant laws and regulations, listed companies, in the event that the refinancing, mergers and acquisitions or reorganization conducted by which results in dilution of current returns to Shareholders, shall undertake and take specific measures to remedy such situation.

Accordingly, the Company analysed the possible impacts on the rights and interests as well as current returns of the Ordinary Shareholders as a result of the Proposed Issuance, and proposed certain measures to be adopted, details of which are set out in Appendix III to this circular.

The compensation on instant returns to Shareholders after the Proposed Issuance is subject to Shareholders' approval by way of special resolution at the EGM.

LETTER FROM THE BOARD

(vii) Proposed Shareholders' dividend return plan for the years of 2023 to 2025

The Board, in accordance with relevant laws and regulations of the PRC, has approved the Shareholders' dividend return plan for the years of 2023 to 2025, and has resolved to submit the Shareholder's dividend return plan for the years of 2023 to 2025 to the EGM for the Shareholders' consideration and approval by way of an ordinary resolution. The details of the Shareholders' dividend return plan for 2023 to 2025 are set out in Appendix IV to this circular.

(viii) Exemption from the preparation of a report on use of the capital previously raised

According to the Provisions on the Report on Use of the Capital Previously Raised (《關於前次募集資金使用情況報告的規定》), the Proposed Issuance to qualified investors does not require a report on use of the capital previously raised.

(ix) Proposed amendments to the Articles of Association

To facilitate the Proposed Issuance and other matters, the Company will, when proceeding with the Proposed Issuance, make certain amendments to the Articles of Association in compliance with all relevant and applicable PRC legal and regulatory requirements. Such amendments are proposed in accordance with laws and regulations prescribed by the relevant PRC authorities, including the CSRC. The proposed amended Articles of Association, subject to Shareholders' approval by way of special resolution at the EGM, shall come into effect upon completion of the Proposed Issuance. Details of the proposed amendments are set forth in the Appendix V to this circular.

Although the Company has an English version of the Articles of Association, in case of any inconsistency, the Chinese version shall prevail.

(x) Proposed amendments to various corporate governance rules

To facilitate the Proposed Issuance and other matters, and in accordance with the relevant laws and regulations of the PRC, including rules of the CSRC, the Board proposed to amend various corporate governance rules of the Company, subject to Shareholders' approval, with a view to further regulating the internal controls of the Company. These corporate governance rules include (i) the Rules of Procedures for the General Meetings; (ii) the Rules of Procedures for the Board Meetings; and (iii) the A Share Proceeds Management System. The proposed amendments to the Rules of Procedures for the General Meetings and the Rules of Procedures for the Board Meetings, subject to Shareholders' approval by way of special resolutions at the EGM; and the proposed amendments to the A Share Proceeds Management System, subject to Shareholders' approval by way of ordinary resolution at the EGM, shall come into effect upon completion of the issuance of Preference Shares. Further details of the proposed amendments are set out in Appendices VI, VII, and VIII to this circular.

LETTER FROM THE BOARD

All above mentioned corporate governance rules are written in Chinese without an official English version. Therefore any English translation is for reference only. In case of any inconsistency, the Chinese version shall prevail.

(xi) Authorization to deal with matters in relation to the Proposed Issuance

To facilitate this Proposed Issuance, the Company proposed to submit to the EGM to authorize the Board and the Chairman to exercise full powers to deal with all matters relating to Proposed Issuance, the scope of authorization includes but not limited to:

1. confirming, adjusting and implementing the specific plan for this Proposed Issuance in accordance with the relevant laws, regulations and normative documents, this Proposed Issuance approved at the EGM, the market conditions, policy adjustments or opinions from regulatory authorities and stock exchanges and the actual conditions of the Company, including but not limited to the number of Preference Shares to be issued, method of the issuance, issuance price, principles for determination of the dividend rate, target investors, issuance date, etc.;
2. making necessary and appropriate supplements, modifications, and improvements to the Issuance Plan, relevant application documents and supporting documents in compliance with the provisions of relevant laws, regulations, normative documents or the requirements of relevant regulatory authorities;
3. entering into subscription agreements for this Proposed Issuance with specific targets, signing, modifying, supplementing, submitting, reporting, executing various documents and agreements related to this Proposed Issuance and making all necessary or appropriate application, approval, registration and filing procedures related to this Proposed Issuance;
4. selecting and appointing intermediaries such as sponsors for this Proposed Issuance to specific targets;
5. confirming the designated account for fundraising, and making adjustments to the specific use and arrangements, agreements and documents related to the use of funds raised based on regulatory requirements, the actual conditions of the Company and securities market and the plan for the use of proceeds as approved by the Shareholders' meeting (except for matters that require additional consideration and approval at the Shareholders' meeting in accordance with relevant laws, regulations, normative documents, and the Articles);

LETTER FROM THE BOARD

6. handling all the reporting and implementation in relation to this Proposed Issuance, including but not limited to, handling procedures such as approval, registration, filing, approval, and consent with relevant government agencies, regulatory agencies, stock exchanges, and securities registration and settlement institutions regarding this Proposed Issuance, and approving, signing, executing, modifying, and completing all necessary documents related to this Proposed Issuance to specific targets etc.;
7. in accordance with the relevant laws, regulations and normative documents, as well as the requirements and suggestions of relevant domestic and foreign government agencies, regulatory agencies and stock exchanges, as well as the actual situation of this Proposed Issuance, making adjustments, supplements, modifications, and improvements to the Articles, the Rules of Procedures for the general meetings, the Rules of Procedures for the Board meetings and the A Share Proceeds Management System approved by the EGM, including but not limited to the text, chapters, clauses, effective conditions, effective time and registered capital, and before and after this Proposed Issuance, handling matters such as making application, registration, changes to the application and filings with the Shanghai Stock Exchange, China Securities Regulatory Commission, Market Supervision Administration and other relevant departments;
8. in case of changes to the laws, regulations, normative documents or policies related to the issuance of Preference Shares to specific targets, continuing to handle all matters related to this Proposed Issuance in accordance with new laws, regulations, normative documents or policies;
9. subject to the laws, regulations, and normative documents, handling other matters related to this Proposed Issuance;
10. such authorization shall be valid within 24 months from the date of approval of this resolution at the EGM.

LETTER FROM THE BOARD

IV. CURRENT SHAREHOLDING STRUCTURE OF THE COMPANY

The following table sets out the current shareholding structure of the Company:

Shareholders	As at Latest Practicable Date	
	Number of Shares held	Approximate percentage of the total number of Shares in issue
Substantial Shareholders		
China Metallurgical Group Corporation ⁽¹⁾	10,190,955,300 (A Shares)	49.18%
Core connected persons		
Zhang Mengxing ⁽²⁾	60,032 (A Shares)	0%
Yin Sisong ⁽³⁾	28,100 (A Shares)	0%
Public Shareholders	10,532,575,738	50.82%
i. Public A Shareholders	7,661,575,738	36.97%
ii. Public H Shareholders	2,871,000,000	13.85%
Sub-total (A Shares)	17,852,619,170	86.15%
Sub-total (H Shares)	2,871,000,000	13.85%
Total	20,723,619,170	100%

Note:

- (1) China Metallurgical Group Corporation (“**China Metallurgical**”) is directly interested in 10,190,955,300 A Shares. China Minmetals Corporation (“**China Minmetals**”) is deemed to be interested in the A Shares held by China Metallurgical by virtue of China Metallurgical being 100% held by China Minmetals.
- (2) Zhang Mengxing is the executive Director and President.
- (3) Yin Sisong is the supervisor of the Company and the chairman of the supervisory committee of the Company.

According to the public information available to the Company and to the best of the Directors’ knowledge, as at 30 June 2023, approximately 50.82% of the total issued A Shares and H Shares of the Company were held by the public, among which, the A Share public float was approximately 36.97% and the H Share public float was approximately 13.85%. The Company confirms that the Company’s public float is at all times at least 25% and upon completion of the Proposed Issuance, the Company would still be able to maintain sufficient public float to meet the applicable minimum requirement of the Hong Kong Listing Rules.

LETTER FROM THE BOARD

V. EGM

The EGM will be held for the purpose of considering and, if thought fit, seeking approvals by the Shareholders on (i) the proposed approval of the grant of general mandate to the Board of Directors to issue new Shares (including the Preference Shares); and (ii) the Proposed Issuance of Preference Shares in the PRC.

No Shareholder is required to abstain from voting in connection with the matters to be resolved at the EGM.

Any voting on the resolutions at the EGM shall be taken by poll.

A proxy form and a reply slip for use at the EGM is enclosed with this circular. H-share Holders who intend to attend the EGM by proxy are required to complete the proxy form in accordance with the instructions printed thereon and return the same to the Company's H Share registrar, 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 time designated for the EGM or any adjournment thereof. Completion and return of the proxy form will not preclude you from attending and voting at the EGM or any adjourned meeting should you so wish. H-share Holders who intend to attend the EGM in person or by proxy are required to complete and return the reply slip in person, by mail or by fax to Computershare Hong Kong Investor Services Limited on or before Thursday, 7 September 2023.

In order to determine the H-share Holders who are entitled to attend the EGM, the H Share register of members of the Company will be closed from Tuesday, 5 September 2023 to Monday, 11 September 2023 (both days inclusive). H-share Holders who wish to attend the EGM are required to 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 Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong at or before 4:30 p.m. on Monday, 4 September 2023.

Shareholders of the Company whose names appear on the register of members of the Company at the opening of business on Tuesday, 5 September 2023 are entitled to attend the EGM.

VI. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and is not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

LETTER FROM THE BOARD

VII. RECOMMENDATION

The Board of Directors considers that the aforementioned proposals are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board of Directors recommends the Shareholders to vote in favour of the relevant resolutions at the EGM.

By Order of the Board
Metallurgical Corporation of China Ltd.*
Wang Zhen
Joint Company Secretary

* *For identification purposes only*



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 FIRST EXTRAORDINARY GENERAL MEETING OF 2023

NOTICE IS HEREBY GIVEN that the first extraordinary general meeting of 2023 (the “**EGM**”) of Metallurgical Corporation of China Ltd.* (the “**Company**”) will be held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the People’s Republic of China at 2:00 p.m. on Monday, 11 September 2023 for the purpose of considering and, if thought fit, passing the following resolutions of the Company:

Unless otherwise defined, capitalized terms used therein shall have the same meanings as those defined in the circular of the Company dated 21 August 2023.

SPECIAL RESOLUTION

- 1 To consider and approve the proposal of grant of general mandate to the Board of Directors to issue new Shares:

“THAT

- (1) Subject to the conditions below, the Board be and is hereby authorized during the Relevant Period (as defined below), unconditionally granted all powers and authorities of the Company to separately or concurrently allot, issue and/or deal with new A Shares and/or H Shares and/or Preference Shares and to make, grant, or enter into offers, agreements, options or conversion rights and/or grant offer recommendations in respect thereof:
- (i) such mandate shall not extend beyond the Relevant Period (as defined below) save that the Board during the Relevant Period may make, grant or enter into offers, agreements, options or conversion rights and/or grant offer recommendations which might require the exercise of such powers 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:

- (a) the conclusion of the next annual general meeting of the Company following the passing of this resolution;

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2023

- (b) the expiration of the 12-month period following the passing of this resolution;
or
 - (c) the date on which the authority granted to the Board by this resolution is revoked or varied by a special resolution of the Shareholders in any general meeting;
- (ii) the number of (i) A Shares and/or H Shares; and/or (ii) Preference Shares (based on the equivalent number of A Shares and/or H Shares which would result from the simulated conversion of the restored voting rights of Preference Shares at the initial simulated conversion price) to be separately or concurrently allotted, issued and/or dealt with, or conditionally or unconditionally agree to allot, issue or and/or deal with by the Board, shall not exceed 20% of each of the existing A Shares and/or H Shares in issue as at the date of the passing of this resolution; and
- (iii) the Board will only exercise its power under such mandate in accordance with the relevant laws and regulations of the PRC, the listing rules of the places 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 CSRC and other relevant PRC governmental authorities are obtained.
- (2) Contingent on the Board resolving to allot, issue and deal with Shares pursuant to the resolution, the Board be and is hereby authorised to approve, execute and do or procure to be executed and done, all such documents, deeds and things as it may consider necessary in connection with the issuance, 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.
- (3) The Board be and is hereby authorized to make such amendments to the Articles of Association as it thinks as appropriate and necessary in upon the completion of such allotment, issuance of and dealing with new Shares, 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 to its industry and commerce registration) to give effect to the issuance of Shares.

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2023

- (4) 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 of the Company such mandate to deal with and handle all matters in relation to the allotment and issuance of Shares.

In accordance with the relevant 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 the Shareholders at the general meeting for consideration and approval despite the grant of the general mandate.

The resolution on the general mandate, if approved at the EGM, shall remain valid during the Relevant Period.

ORDINARY RESOLUTION

- 2 To consider and approve that the Company is eligible to issue Preference Shares to qualified investors under the laws and regulations of the PRC.

SPECIAL RESOLUTIONS

- 3 To consider and approve the proposal regarding the proposed Issuance Plan of Preference Shares of the Company:
 - (1) type and number of Preference Shares to be issued;
 - (2) method of the issuance, target investors and placing arrangement to existing Shareholders;
 - (3) par value and issuance price;
 - (4) principles for determination of the dividend rate;
 - (5) method of the profit distribution for the Preference Shares;
 - (6) redemption terms;
 - (7) voting rights restrictions and restoration;
 - (8) sequence of settlement and method of liquidation;
 - (9) rating arrangement;
 - (10) guarantee arrangement;

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2023

- (11) listing and transfer arrangement upon Proposed Issuance;
- (12) use of proceeds;
- (13) validity period of the resolution in respect of the Proposed Issuance; and

The above-mentioned 13 provisions shall be considered and approved item by item at the EGM by special resolution. Any provision not been approved by voting shall be regarded as the whole resolution not been approved.

- 4 To consider and approve the preliminary Issuance Plan for Preference Shares to be issued in the PRC.
- 5 To consider and approve the feasibility analysis report of the use of proceeds raised from issuance of Preference Shares.
- 6 To consider and approve the dilution of current return to Shareholders by the Proposed Issuance and the remedial measures to be adopted.

ORDINARY RESOLUTIONS

- 7 To consider and approve the proposed Shareholders' dividend return plan for the years of 2023 to 2025.
- 8 To consider and approve the exemption from the preparation of the Report on Use of the Capital Previously Raised.

SPECIAL RESOLUTIONS

- 9 To consider and approve the proposed amendments to the Articles of Association of the Company.
- 10 To consider and approve the proposed amendments to the Rules of Procedures for the General Meetings.
- 11 To consider and approve the proposed amendments to the Rules of Procedures for the Board Meetings.

ORDINARY RESOLUTION

- 12 To consider and approve the proposed amendments to the A Share Proceeds Management System.

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2023

SPECIAL RESOLUTION

- 13 To consider and approve the authorization of the Board of Directors or any person authorized by the Board of Directors to deal with any matters in relation to the issuance of Preference Shares.

By Order of the Board
Metallurgical Corporation of China Ltd.*
Wang Zhen
Joint Company Secretary

Beijing, the PRC
21 August 2023

As at the date of this notice, 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*

NOTICE OF THE FIRST EXTRAORDINARY GENERAL MEETING OF 2023

Notes:

1. CLOSURE OF REGISTER OF MEMBERS AND ELIGIBILITY FOR ATTENDING THE EGM

The register of members of the Company will be closed from Tuesday, 5 September to Monday, 11 September 2023 (both days inclusive), during which time no share transfers will be registered. In order to be eligible to attend the EGM, instruments of transfer accompanied by share certificates and other appropriate documents must be lodged with the Company's H share registrar, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, no later than 4:30 p.m. on Monday, 4 September 2023.

Shareholders of the Company whose names appear on the register of members of the Company at the opening of business on Tuesday, 5 September 2023 are entitled to attend the EGM.

2. NOTICE OF ATTENDANCE

Holders of H Shares who intend to attend the EGM should complete and lodge the accompanying reply slip and return it to the Company's H Share registrar on or before Thursday, 7 September 2023. The reply slip may be delivered by hand, by post or by fax to the Company's H Share registrar. Completion and return of the reply slip will not affect the right of a Shareholder to attend the EGM. However, the failure to return the reply slip may result in an adjournment of the EGM, if the number of Shares carrying the right to vote represented by the Shareholders proposing to attend the EGM by the reply slip does not reach more than half of the total number of Shares of the Company carrying the right to vote at the EGM.

3. PROXY

Every Shareholder who has the right to attend and vote at the EGM is entitled to appoint one or more proxies, whether or not they are members of the Company, to attend and vote on his behalf at the EGM.

A proxy shall be appointed by an instrument in writing. Such instrument shall be signed by the appointer or his attorney duly authorized in writing. If the appointer is a legal person, then the instrument shall be signed under a legal person's seal or signed by its director or an attorney duly authorized in writing. The instrument appointing the proxy shall be deposited at the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong, not less than 24 hours before the time appointed for the holding of the EGM. If the instrument appointing the proxy is signed by a person authorised by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarised. The notarised power of attorney or other document of authority shall be deposited together and at the same time with the instrument appointing the proxy at the Company's H Share registrar. Return of a form of proxy will not preclude a Shareholder of the Company from attending in person and voting at the EGM if he so wishes.

If more than one proxy is appointed, such proxies shall only be entitled to vote by poll.

Shareholders or their proxies are required to produce their identification documents when attending the EGM.

4. OTHERS

The EGM is expected to last for around one hour. Shareholders and their proxies attending the meeting shall be responsible for their own travelling and accommodation expenses.

(a) Type and Number of Preference Shares to be Issued

The total number of the Preference Shares to be issued in the Proposed Issuance in the PRC shall not exceed 150 million Shares with the proceeds not more than RMB15 billion, the specific amount of which shall be determined by the Board within the limit set out above in accordance with the authorization of EGM and with reference to the regulatory requirements and market condition.

Based on the stimulated conversion price of RMB4.47 per Share, being the net asset value per Share attributable to Shareholders under the audited consolidated financial statements of the Group dated 31 December 2022 (see “Voting Right Restoration” below for more details), the maximum number of A Shares which would result from the simulated conversion of the restored voting rights of Preference Shares under the Proposed Issuance (based on the maximum proceeds of RMB15 billion) will be 3,355,704,697, which is equivalent to 18.8% of the total A Shares in issue as at the date of this circular, and will comply with the 20% threshold under the proposed general mandate to be approved at the EGM.

The Preference Shares are non-convertible and without any clause on the right to sell back.

(b) Method of Issuance, Target Investors and Placing Arrangement to Existing Shareholders***i) Method of Issuance***

The Preference Shares will be issued to not more than 200 qualified investors in accordance with the Administrative Measures on the Pilot Scheme of Preference Shares (《優先股試點管理辦法》) and other laws and regulations. Upon the registration with the CSRC, the first tranche, being no less than 50% of the total number of Preference Shares to be issued, will be issued within 6 months, and the rest will be issued within 24 months.

ii) Target Investors and Placing Arrangement to Existing Shareholders

The Preference Shares will be issued to no more than 200 qualified investors under the PRC Rules on Preference Shares and other relevant laws and regulations. The total number of the qualified investors to whom the Preference Shares will be issued under the same terms will be no more than 200.

There is no preferential placement arrangement to the existing shareholders of the Company under the Proposed Issuance. The controlling shareholders or beneficial owners of the Company or any affiliates controlled by any of them will not subscribe directly or indirectly for the Preference Shares issued to specific targets, nor will it subscribe for the Preference Shares issued to specific targets in disguised form through asset management plans or other means. The controlling shareholders of the Company will not participate indirectly in the subscription of the Preference Shares by any means and the connected persons of the Company and their respective associates will not, directly or indirectly, participate in the Proposed Issuance.

(c) Par Value and Issuance Price

The Preference Shares will have a par value of RMB100 per Share and will be issued at par.

There is no maturity date for the Preference Shares to be issued.

(d) Principles for Determination of the Dividend Rate

The Preference Shares to be issued will carry fixed dividend rate with single step-up in dividend rate arrangement.

The dividend rate of the Preference Shares for the first three years from issuance shall be determined by the Board (or person(s) authorized by the Board) upon issuance, through inquiry methods or other methods approved by relevant regulatory bodies, in consultation with the sponsor(s) (lead underwriter(s)) according to the authorization obtained from the EGM and relevant policies, market condition, the situation of the Company and investors' demand.

If the Company does not exercise its redemption rights entirely, from the fourth anniversary of the dividend accruing date, the dividend rate will be the initial dividend rate for the first three years plus 200bp, and will remain unchanged after adjustments to dividend rate for the fourth anniversary of the dividend accruing date.

The dividend rate of the Preference Shares at the time of its issuance shall not be higher than the Company's average ratio of the annual weighted average return on equity for the two most recent financial years prior to the issuance. The dividend rate upon step-up adjustment shall not be higher than the average ratio of the annual weighted average return on equity for the two financial years prior to the adjustment. If the dividend rate at the time of such adjustment was higher than the average ratio of the annual weighted average return on equity for the two financial years prior to the adjustment, the dividend rate shall not be changed. If the dividend rate upon the increase in 200bp shall be higher than the average ratio of the annual weighted average return on equity for the two financial years prior to the adjustment, the dividend rate upon such adjustment shall be the average ratio of the annual weighted average return on equity for the two financial years prior to the adjustment.

(e) Method of Profit Distribution for the Preference Shareholders***i) Conditions for dividend distribution***

Pursuant to Articles of Association, the Company may distribute dividends to the Preference Shareholders if there are distributable after-tax profit left after recovering losses and making allocations to its reserve fund according to relevant laws. Wherein, the distributable profit represents the amount in the parent company's statements. According to the laws and regulations and in compliance with the framework and principles considered and approved at the EGM, the Company will propose to authorise the Board at the EGM to determine and deal with the matters in relation to normal payment of dividend to the Preference Shareholders, in accordance with agreements in the Issuance Plan and without affecting normal declaration and payment of the dividend on the Preference Shares. In case of the cancellation of payment of part of or full current dividend on the Preference Shares, such matter shall also be considered and approved at the Shareholders' general meeting and shall be informed to the Preference Shareholders at least 10 working days prior to the dividend payment date in accordance with the requirements by relevant regulatory departments.

The Preference Shares issued in different tranches will have equal priority to dividend distribution. The Preference Shareholders shall take precedence over Ordinary Shareholders in distribution of dividends. The Company will not distribute any profit to Ordinary Shareholders unless the agreed current dividend on Preference Shares has been fully distributed.

Unless the occurrence of any trigger events for compulsory payment, the Shareholders' general meeting of the Company shall be entitled to determine to cancel the payment of part of or full current dividend on the Preference Shares, which shall not be deemed a default of the Company.

Trigger events for compulsory payment means the occurrence of any of the following events within 12 months prior to the dividend payment date: (a) the payment of dividend to the Ordinary Shareholders by the Company (including cash, Shares, a combination of both cash and shares and other methods in compliance with the laws and regulations); or (b) the reduction of registered Share capital (except for the redemption and withdrawal of Shares due to Share incentive plan or the redemption and withdrawal of Ordinary Shares with the proceeds from issuing Preference Shares).

ii) Method of dividend payment

Dividends on the Preference Shares will be paid by the Company in cash.

Dividends on the Preference Shares shall be paid annually. The dividends will start to accrue on the last day for receiving investors' subscription payments (the "**Dividend Accruing Date**"). Each anniversary year from the dividend accruing date of the Preference Shares will be a dividend accruing year.

The dividend payment date (the "**Dividend Payment Date**") shall be the anniversary date of the last day for receiving Preference Share investors' subscription payments. If any Dividend Payment Date falls on a statutory holiday of the PRC or weekend, it shall be deferred to the next working day and the interest of the payable dividends shall not be accrued during such deferring period.

Any tax payable for the dividend on the Preference Shares shall be incurred by Preference Shareholders in accordance with relevant laws and regulations.

iii) Whether dividends accumulated

The accumulation of the dividends on Preference Shares under the issuance, that is, the difference between the dividends actually paid to the Preference Shareholders and the dividends which should have been fully paid in the previous year will be carried forward to the following accrued year, and it shall not constitute a default.

iv) Distribution of remaining profit

Once the Preference Shareholders have received dividends at the specified dividend rate, they shall not be entitled to the distribution of the remaining profit together with Ordinary Shareholders.

(f) Redemption Terms

i) The holder of redemption right

The redemption right of the Preference Shares rests on the Company. The Company is entitled to redeem and withdraw the Preference Shares of the Company in accordance with its operation situation and in compliance with relevant laws, regulations and other relevant rules. Preference Shareholders under the Proposed Issuance do not have the right to call for the Company's redemption of their Preference Shares.

ii) Conditions and timing of the redemption

The Company is entitled to redeem and withdraw all or part of the Preference Shares under the Proposed Issuance on every Dividend Payment Date up to the date when all the Preference Shares have been redeemed in full. The arrangement on the redemption right will be determined by the Board (or person(s) authorized by the Board) according to the authorization given under the Shareholders' general meetings.

Where the Board decides to carry out a partial redemption of the Preference Shares, the Company shall redeem the Preference Shares from all Preference Shareholders of the same tranche by the corresponding proportion.

iii) Redemption price and the principle for pricing

The redemption price shall be the par value plus current resolved payment of but unpaid dividends on the Preference Shares.

iv) The authorization of redemption

An approval will be sought from the Shareholders at the EGM on the authorization of the Board (or person(s) authorized by the Board) to deal with, at its sole discretion, all matters in relation to the redemption in accordance with the relevant laws and regulations and the market situation.

(g) Voting Right Restriction and Restoration

i) Voting Right Restriction

The Preference Shareholders have no right to make a request to, convene, preside to, attend, or attend by proxy any Shareholders' general meeting, nor do their Preference Shares have voting rights, save as the matters to be voted by the Preference Shareholders in accordance with the laws and regulations or the Articles of Association.

Only in any of the following circumstances, the notice of Shareholder's general meeting shall be delivered to the Preference Shareholders prior to convention of such meeting by the Company. The Company shall also comply with the required notice procedure for Ordinary Shareholders set forth in the Company Law and the Articles of Association. The Preference Shareholders are entitled to attend the Shareholders' general meetings and vote on the following matters separately from the Ordinary Shareholders. In this case, each Preference Share shall have one vote, but the Preference Shares held by the Company shall have no voting right:

- any amendment to the provisions of the Articles of Association regarding the Preference Shares;
- any reduction of the registered capital of the Company by more than 10%, whether on an individual or cumulative basis;
- any merger, division, dissolution or change of organizational form of the Company;
- any issuance of Preference Shares by the Company; or
- any other circumstances prescribed by laws, administrative regulations, departmental rules or the Articles of Association.

Resolutions on the matters above shall be approved by at least two thirds of the votes represented by the Preference Shareholders present at the meeting (excluding the Preference Shareholders with voting rights restored), in addition to the approval by at least two thirds of the votes represented by the Ordinary Shareholders present at the meeting (including the Preference Shareholders with voting rights restored).

ii) *Voting Right Restoration***a) *Voting rights restoration clause***

If the Company fails to pay dividends to the Preference Shareholders as agreed for three financial years in aggregate or two consecutive financial years after the issuance of the Preference Shares, the Preference Shareholders shall have the same right to attend and vote at the Shareholders' general meetings with Ordinary A-share Holders from the date immediately following the day when the Shareholders' general meeting has approved the cancellation of payment of part of or full current dividend on the Preference Shares or the date immediately following the Dividend Payment Date when the dividend has not been paid as agreed.

The number of voting rights of Ordinary A Shares entitled to each Preference Share shall be calculated using the following formula:

$$N=V/P_n.$$

Wherein, V is the total par value of Preference Shares held by the preference shareholders; the stimulated conversion price P_n is the net asset value per share attributable to Shareholders under the audited consolidated financial statements of the Group dated 31 December 2022 i.e. RMB4.47 per Share. The number of voting rights restored shall be rounded down to the nearest integer.

b) *The adjustment in stimulated conversion price*

After the approval of the Proposed Issuance by the Board of the Company, in the event of any distribution of Share dividends, recapitalization, issuance of new Shares (excluding any increase of Share capital due to conversion of financing instruments convertible to Ordinary Shares issued by the Company) or share allotment resulting in the change in the number of Ordinary Shares, the Company will make an adjustment to the stimulated conversion price upon voting rights restoration. The adjustment method is set out below:

In the event of any bonus Shares or recapitalization:

$$P_1=P_0/(1+n);$$

In the event of any new issuance of Shares or rights issue:

$$P1 = P0 \times (N + Q \times (A/M)) / (N + Q)$$

Wherein, “P0” means the stimulated conversion price effective preceding the adjustment; “n” means the bonus Shares rate or the recapitalization rate; “Q” means the number of Shares issued as new Shares or subject to an allotment; “N” means the total number of Ordinary Shares before such issuance of new Shares or allotment of Shares; “A” means the price of such new issuance or allotment; “M” means the closing price of the ordinary A Shares on the trading day prior to the new issuance or allotment of the A Shares; “P1” means the stimulated conversion price effective after the adjustment.

In the event that any of the above-mentioned situations happened, the Company will make an adjustment to the stimulated conversion price upon voting rights restoration, and will make corresponding disclosure in accordance with relevant rules.

If the Company repurchase its Ordinary Shares, a merger, division of the Company or any other circumstances that may lead to changes in the Company’s Shares and Shareholders’ equity and thereby affect the rights and interests of the Preference Shareholders under the Proposed Issuance, the Company is entitled to adjust the stimulated conversion price in a fair, just and equitable manner in order to fully protect and maintain the balance of the rights and interests of the Preference Shareholders under the Proposed Issuance and the Ordinary Shareholders. The contents and the mechanism relating to the adjustment of the stimulated conversion price applicable to such circumstances will be formulated in accordance with applicable PRC laws and regulations.

The stimulated conversion price upon voting rights restoration will not be adjusted for the distribution of cash dividend on the Ordinary Shares.

c) *The release of restoration term*

After the voting rights of the Preference Shares are restored, the voting rights of the Preference Shareholders shall be exercisable until the date when the Company has fully paid the current dividends in arrears, unless the laws, regulations and the Articles of Association stipulate otherwise. The voting rights of Preference Shareholders will be restored again if any subsequent event triggers the voting rights restoration term.

(h) Sequence of Settlement and Method of Liquidation

If the Company is subject to liquidation due to reasons such as dissolution, bankruptcy, the residual property of the Company after the payment in accordance with the Company Law and the Enterprise Bankruptcy Law^(note), shall be distributed according to the class of Shares held by the Shareholders and the ratio in the following sequences and method:

- i)* pay the undistributed dividends and the liquidation amount stated in the Articles to the Preference Shareholders. If the residual property is not sufficient to pay all such amounts payable to the Preference Shareholders, then such distribution shall be made on a pro rata basis in accordance with the shareholding percentages of the Preference Shareholders; and
- ii)* distribute to Ordinary Shareholders.

Note: According to the provisions of the Company Law of the People's Republic of China and the Enterprise Bankruptcy Law of the People's Republic of China: 1. In the case of cancellation and liquidation of a company, the company shall first pay the liquidation expenses, employees' salaries, social insurance costs and statutory compensation and taxes owed, and the remaining part (if any) after the debts of the company are settled shall be the residual property to be distributed to the shareholders of the company. 2. In the case of bankruptcy and liquidation of a company, the right holders who have security rights towards the specific property of the bankrupt shall have the right of priority compensation for the specific property. The remainder, if any, of the company's bankruptcy property, after satisfaction of the following expenses and debts, shall be the residuary property:

- (I) Insolvency costs;
- (II) Common debts;
- (III) The wages and medical, disability subsidiary and pension expenses owed by the bankrupt to the employees, the basic pension insurance and basic medical insurance expenses owed which shall be transferred to the individual accounts of the employees, as well as the compensation which shall be paid to the employees as stipulated by laws and administrative regulations;
- (IV) Social insurance costs other than those provided for in the preceding subparagraph and taxes owed by the bankrupt that the bankrupt owes;
- (V) Creditor's right in ordinary bankrupt.

(i) Rating Arrangement

The rating arrangement of the Preference Shares under the Proposed Issuance will be determined in accordance with relevant laws and regulations and market conditions in the PRC.

(j) Guarantee Arrangement

There is no guarantee arrangement in relation to the Proposed Issuance.

(k) Listing and Transfer Arrangement upon Issuance of the Preference Shares

No lock-up period is attached to the Preference Shares under the Proposed Issuance. The Preference Shares will be traded and transferred on the Shanghai Stock Exchange in accordance with the relevant provisions upon the Proposed Issuance, but will only be transferred among the qualified investors prescribed by the Administrative Measures on the Pilot Scheme of Preference Shares. The suitability standard for the investor in the transfer of Preference Shares should be consistent with that in the issuance of Preference Shares. After the transfer of Preference Shares, the total number of investors for the Preference Shares under the same terms shall be no more than 200.

(l) Uses of Proceeds

After deduction of the issuance expenses, all the proceeds from the Proposed Issuance are intended to provide funds for additional working capital of the Company, including but not limited to repayment of debts, payments to the suppliers, and administrative expenses, etc., to meet the funding requirements for the Company's business development.

As at the date of this circular, the Company had adequate monetary fund balance and sufficient bank credit facilities with a good credit standing and smooth financing channels in public market. As such, even if the Proposed Issuance could not proceed, the Company still has sufficient funds to meet its funding requirements.

(m) Validity Period of the Resolution in respect of the Proposed Issuance

The resolution in respect of the Proposed Issuance shall remain valid for 24 months starting from the date of registration with the CSRC.

The validity period of 24 months is required and prescribed under Section 40 of the Administrative Measures on the Pilot Scheme of Preference Shares (2023 Revision). In view of the requirement prescribed by law, the Directors are of the view that the validity period of 24 months is in the interest of all Shareholders as a whole.

When the Relevant Period of the general mandate expires during the 24-month validity period for the Proposed Issuance, the Company may seek Shareholders' approval to renew the general mandate (if necessary).

The above-mentioned provisions in respect of the Proposed Issuance shall be considered and approved item by item at the EGM by way of a special resolution. Any provision not been approved by voting shall be regarded as if the whole resolution not been approved.

I. USE PLAN OF THE PROCEEDS FROM THE ISSUANCE

The number of Preference Shares issued to specific targets does not exceed 150,000,000 Shares and the total amount of proceeds from the Issuance is expected to be no more than RMB15 billion. After deduction of the issuance expenses, the net proceeds is intended to be used to replenish working capital.

II. ANALYSIS OF THE NECESSITY AND FEASIBILITY OF THE USE PLAN OF PROCEEDS**(I) Necessity Analysis of the Use Plan of Proceed****1. *Relieve financial pressure on the Company and support its business development***

In recent years, the Company has followed the trend of green, low-carbon, and intelligent metallurgical construction, as well as the comprehensive strengthening of infrastructure construction. Traditional businesses such as engineering contracting have maintained a rapid growth trend. At the same time, the Company has actively accelerated its layout in emerging industries such as ecological and environmental protection, cultural and tourism engineering, and new energy engineering, with emerging industry businesses becoming new growth points for the Company's performance. With the continuous expansion of the Company's business scale, the demand for the Company's working capital has also increased.

The net proceeds from the issuance of Preference Shares to specific targets will be fully used to replenish working capital, which will provide support for the sustainable and stable development of the Company's various businesses.

2. *Optimize capital structure and enhance comprehensive risk resistance*

In recent years, the Company has achieved steady and high-quality development in all its businesses. While the scale of operations has been expanding, the overall scale of liabilities has also increased and the gearing ratio is at a relatively high level. As of 31 December 2020, 31 December 2021 and 31 December 2022, the Company's consolidated asset-liability ratio was 72.28%, 72.14% and 72.34% respectively.

As of 31 December 2022, the relevant financial indicators of the Company and comparable listed companies in the same industry are as follows:

Company name	Current ratio <i>(times)</i>	Quick ratio <i>(times)</i>	Gearing ratio <i>(%)</i>
CRCC	1.08	0.49	74.67
CREC	1.03	0.62	73.77
CCCC	0.93	0.41	71.80
CNCEC	1.19	1.14	70.02
CEEC	1.11	0.93	74.79
PowerChina	0.88	0.78	76.89
CSCEC	1.31	0.65	74.35
Average	1.08	0.72	73.76
MCC	1.14	0.65	72.34

According to the table above, MCC's current ratio is slightly higher than the average of comparable companies in the same industry, its quick ratio is slightly lower than the average of comparable companies in the same industry, and its gearing ratio is slightly better than the average of comparable companies in the same industry.

Upon completion of the issuance of Preference Shares to specific targets, the Company's equity capital will be fully replenished, the gearing ratio will be further reduced, the current ratio and quick ratio will be further increased, the capital structure will be further optimized and the comprehensive risk resistance will be enhanced, laying the foundation for the healthy and stable development of the Company.

(II) Feasibility Analysis of the Use Plan of Proceed

1. The use of proceeds from the issuance of Preference Shares to specific targets complies with the requirements of laws and regulations

The issuance of Preference Shares to specific targets and the use of all the proceeds to replenish working capital is in compliance with the relevant laws and regulations of the Experimental Administrative Measures on Preference Shares (《優先股試點管理辦法》), Articles 9, 10, 11, 13, 40, 57 and 60 of the Measures for the Administration of Securities Issuance and Registration of Listed Companies – Opinions on the Application of Securities and Futures Laws No. 18” (《<上市公司證券發行註冊管理辦法>第九條、第十條、第十一條、第十三條、第四十條、第五十七條、第六十條有關規定的適用意見– 證券期貨法律適用意見第18號》), and is feasible.

2. *The Company has established a sound governance standard and internal control system for the use of proceeds*

The Company has established a modern enterprise system with corporate governance structure as the core according to the governance standards of listed companies, and formed a relatively standardized and standard corporate governance system and comprehensive internal control procedures through continuous improvement and optimization. In terms of the management of the proceeds, the Company has also established the Proceeds Management System in accordance with the regulatory requirements, which has clear provisions on the storage, use and management of the proceeds to ensure the standard, safe and efficient use of the raised funds. After the proceeds from the issuance of Preference Shares to specific targets are received, the Company will deposit the proceeds in the special account designated by the board of directors according to the requirements of the system and use the funds for the specified purchase, in order to ensure the reasonable and standardized use of the proceeds and prevent the risks in connection with the use.

In accordance with the relevant requirements of the Opinions of the General Office of the State Council on Further Strengthening the Protection of Legitimate Rights and Interests of Small and Medium Investors in Capital Market (Guo Ban Fa [2013] No. 110), the Opinions of the State Council on Further Promoting Healthy Development of the Capital Market (Guo Fa [2014] No. 17), and the Guiding Opinions on Matters Relating to Dilution of Immediate Returns by IPO, Refinancing or Major Assets Restructuring (CSRC Announcement [2015] No. 31), in order to protect the rights to information and interests of minority investors, the Company has seriously analysed the impact of the issuance of Preference Shares to specific targets on the dilution of current returns and proposed specific remedial measures, and the relevant entities have made commitments to fulfill the Company's remedial measures, which are as follows:

I. ESTIMATION OF THE IMPACT OF THE DILUTED CURRENT RETURNS FROM THE ISSUANCE OF PREFERENCE SHARES TO SPECIFIC TARGETS ON THE KEY FINANCIAL INDICATORS OF THE COMPANY

(I) Assumptions

1. There is no major change in the macroeconomic environment, industrial policy and industry development, etc.;
2. It is assumed that the impact on the business operation and financial position of the Company (such as financial expense, investment income, etc.) upon receipt of the proceeds from the Issuance is not taken into account;
3. It is assumed that the number of Preference Shares to be issued to specific targets will be 150,000,000 Shares and the estimated total amount of proceeds to be raised will not exceed RMB15 billion, without taking into account the impact of issuance expenses. The above-mentioned number of Preference Shares to be issued to specific targets and the total amount of proceeds to be raised are only assumptions. The final number of Shares to be issued and the total amount of proceeds to be raised will be determined based on the review by the Shanghai Stock Exchange Audit Centre, the approval for registration by the CSRC, the subscription status of the issuance and the issuance expenses;
4. It is assumed that the Company's net profit attributable to ordinary shareholders of the listed company and the increase in net profit attributable to ordinary shareholders of the listed company after deducting non-recurring gains and losses for 2023 (compared to 2022) are calculated at 0%, 10% and 20% respectively.

This profit assumption is for illustrative purposes only and does not represent a profit forecast for the Company's net profit in 2023;

5. It is assumed that the issuance of Preference Shares to specified targets will be completed in the second half of 2023 (for illustrative purposes only, it does not represent the actual issuance time of the Preference Shares, which will ultimately be subject to the actual completion date after the registration of the issuance by the CSRC. Investors should not make investment decisions based on this assumptive completion date; otherwise, the Company shall be held no liable for any losses arising from such investment). According to the issuance plan of the Preference Shares, the annual dividend payment date shall be the anniversary date of the last day for payment for the issuance of Preference Shares, but for prudential purposes, the Company has made the following calculations assuming that the Preference Shares are subsisting at the beginning of 2023 and will complete a full dividend payment in 2023 for one interest bearing year at a dividend rate of 5.0% (for illustrative purposes only, and does not represent the expected dividend rate for the Preference Shares under the Issuance);
6. The estimation of the total Share capital of the Company will be based on the Company's total Share capital of 20,723.62 million Shares as of 31 December 2022, and only the impact of the Preference Shares (disregarding other factors which may result in a change of Share capital) has been taken into consideration;
7. The impact of other factors on net assets (other than net profit and cash dividend) has not been taken into consideration in estimating the net assets of the Company after the issuance;
8. The above is just the assumption for the purpose of making calculation, which does not constitute a commitment, profit forecast or performance commitment. Investors should not make investment decisions based on this assumption; the Company does not bear any liability for investors' losses caused by making investment decisions based on the assumption.

(II) Particulars of the Calculation

Based on the above assumptions, the impacts of the diluted current returns of issuance of Preference Shares to specific investors on the Company's main financial indicators are as follows:

Item	Year 2022/ 31 December 2022	Year 2023/31 December 2023	
		Before issuance	After issuance
Ordinary share capital (<i>0'000 shares</i>)	2,072,362	2,072,362	2,072,362
Preference share capital (<i>0'000 shares</i>)	–	–	15,000
Total amount of funds raised in this issuance (<i>RMB0'000</i>)		1,500,000	
Scenario 1: The net profit after deducting non-recurring gains and losses attributable to ordinary shareholders of the listed company in 2023 increases by 0% as compared with those in 2022			
Net profit after deducting non-recurring gains and losses attributable to ordinary shareholders of the listed company (<i>RMB0'000</i>)	966,819	966,819	891,819
Basic earnings per share after deducting non-recurring gains and losses (<i>RMB/share</i>)	0.42	0.42	0.38
Diluted earnings per share after deducting non-recurring gains and losses (<i>RMB/share</i>)	0.42	0.42	0.38
Weighted average return on net assets after deducting non-recurring gains and losses (%)	9.79%	8.90%	8.16%

**THE DILUTION OF CURRENT RETURN TO
SHAREHOLDERS BY THE PROPOSED ISSUANCE
AND THE REMEDIAL MEASURES TO BE ADOPTED**

Item	Year 2022/ 31 December 2022	Year 2023/31 December 2023	
		Before issuance	After issuance
Scenario 2: The net profit after deducting non-recurring gains and losses attributable to ordinary shareholders of the listed company in 2023 increases by 10% as compared with those in 2022			
Net profit after deducting non-recurring gains and losses attributable to ordinary shareholders of the listed company (RMB0'000)	966,819	1,063,501	988,501
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	0.42	0.46	0.43
Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)	0.42	0.46	0.43
Weighted average return on net assets after deducting non-recurring gains and losses (%)	9.79%	9.75%	9.01%
Scenario 3: The net profit after deducting non-recurring gains and losses attributable to ordinary shareholders of the listed company in 2023 increases by 20% as compared with those in 2022			
Net profit after deducting non-recurring gains and losses attributable to ordinary shareholders of the listed company (RMB0'000)	966,819	1,160,183	1,085,183
Basic earnings per share after deducting non-recurring gains and losses (RMB/share)	0.42	0.51	0.47
Diluted earnings per share after deducting non-recurring gains and losses (RMB/share)	0.42	0.51	0.47
Weighted average return on net assets after deducting non-recurring gains and losses (%)	9.79%	10.58%	9.85%

Note 1: Net profit after deducting non-recurring gains and losses attributable to ordinary shareholders of the listed company = Net profit attributable to shareholders of the listed company – non-recurring gains and losses – dividends that the Preference Shares are entitled to for the current period.

Note 2: The calculation formulas of basic earnings per share, diluted earnings per share after deducting non-recurring gains and losses, and weighted average return on net assets after deducting non-recurring gains and losses shall be calculated in accordance with the requirements of the Guiding Opinions on Matters regarding the Dilution of Immediate Return by Initial Offering, Refinancing and Material Asset Reorganisation formulated by the CSRC and the provisions of “Calculated in accordance with No. 9 Rule for the Preparation and Reporting of Information Disclosure of Companies with Public Offering – the Calculation and Disclosure of ROE and EPS”.

(III) Explanations about these calculations

1. The above-mentioned assumptions and analysis of the Company that are used in these calculations do not constitute the Company’s profit forecast. Investors shall not base their investment decisions on these grounds. Should an investor use them to make investment decisions and incur losses therefrom, the Company assumes no responsibility whatsoever;
2. The total amount of funds to be raised for the issuance of Preference Shares is only an estimated value. The assumptions that these Preference Shares had already been in existence at the beginning of 2023 are made for the purpose of indicative calculation only. The total amount of funds to be raised from the actual issuance, the completion time of the actual issuance and the actual dividend yield after approval from the CSRC should be used in real calculation.

II. RISK WARNING OF THE DILUTION OF CURRENT RETURN BY ISSUANCE OF PREFERENCE SHARES TO SPECIFIC TARGETS

As holders of Preference Shares take priority over holders of Ordinary Shares of the Company in profit distribution based on the agreed dividend yield, expenditures on the Preference Shares dividends will dilute the after-tax net profit of the Company attributable to holders of Ordinary Shares to a certain extent irrespective of the financial return of proceeds raised by issuance of Preference Shares. As a result, indicators such as return on net assets and basic earnings per share may decline by a certain extent and holders of ordinary Share may be exposed to risks of dilution of current return on Ordinary Shares by the issuance of Preference Shares.

Investors should carefully consider the risks of dilution of current return by the non-public issuance of Preference Shares. Investors are also reminded that the Company’s remedial measures against the potential dilution of current return do not constitute the Company’s guarantee for future profit. The Company will continue to disclose in periodic reports the implementation progress and the fulfilment of undertakings given by related entities in relation to the diluted current return remedial measures.

III. EXPLANATION OF THE BOARD OF DIRECTORS ON NECESSITY AND RATIONALITY OF THIS ISSUANCE OF PREFERENCE SHARES TO SPECIFIC TARGETS

The Company intends to issue no more than 150 million Preference Shares, with a total fundraising amount not exceeding RMB15 billion. The net proceeds of the fundraising, after deducting the issuance expenses, will be utilized to supplement the Company's working capital. The necessity and rationality for the Company's issuance of Preference Shares to specific targets are set out below:

(I) To alleviate the financial pressure on the Company and support the development of its business operations

In recent years, the Company has followed the trend of green, low-carbon, and intelligent development in the metallurgical and construction industry, as well as the trend of comprehensive infrastructure construction strengthening. The traditional business, such as engineering contracting, has maintained a relatively fast growth trend. Meanwhile, the Company has actively accelerated its layout in emerging industries such as ecological environmental protection, cultural and tourism engineering, and new energy engineering, making emerging industries a new growth point for the Company's performance. As the Company's business continues to expand, the demand for operating capital has also increased.

The net proceeds from the issuance of Preference Shares to specific targets will be utilized in their entirety to supplement the Company's working capital, which will provide support for the continuous and stable development of the Company's various business operations.

(II) To optimize the Company's capital structure and enhance its comprehensive risk resistance capability

In recent years, the Company's various business operations have achieved stable and high-quality development. However, as the business scale continues to expand, the overall size of the Company's liabilities has also increased, resulting in a relatively high level of debt-to-asset ratio. As of 31 December 2020, 31 December 2021 and 31 December 2022, the Company's consolidated asset-liability ratios were 72.28%, 72.14% and 72.34%, respectively.

As of 31 December 2022, the Company's relevant financial indicators compared to comparable listed companies in the same industry are as follows:

Company name	Current ratio (times)	Quick ratio (times)	Debt-to-asset ratio (%)
CRCC	1.08	0.49	74.67
CREC	1.03	0.62	73.77
CCCC	0.93	0.41	71.80
CNCEC	1.19	1.14	70.02
CEEC	1.11	0.93	74.79
PowerChina	0.88	0.78	76.89
CSCEC	1.31	0.65	74.35
Average	1.08	0.72	73.76
MCC	1.14	0.65	72.34

According to the above table, MCC's current ratio is slightly higher than the average level of comparable companies in the same industry, while its quick ratio is slightly lower than the average level of comparable companies. The debt-to-asset ratio is slightly better than the average level of comparable companies in the same industry.

Upon completion of the issuance of Preference Shares to specific targets, the Company's equity capital will be adequately replenished, the debt-to-asset ratio will further decrease, and the current ratio and quick ratio will further increase, with the capital structure being further optimised and the comprehensive risk resistance capability being enhanced, thereby laying a solid foundation for its healthy and stable development.

IV. RELATIONSHIP BETWEEN THE PROJECTS INVESTED BY THE PROCEEDS AND THE COMPANY'S EXISTING BUSINESS; RESERVE OF STAFF, TECHNOLOGY, MARKET AND OTHER ASPECTS OF PROJECTS TO BE INVESTED

The proceeds from the issuance of Preference Shares will be used to supplement the Company's working capital. After the fundraising is allocated to the working capital, the Company's financial strength will be further strengthened, laying a foundation for its future rapid development. This issuance of Preference Shares to specific targets to raise fund does not involve the reserves in personnel, technology, market and others.

**V. REMEDIAL MEASURES FOR THE DILUTION OF CURRENT RETURN BY THE
ISSUANCE OF PREFERENCE SHARES TO SPECIFIC TARGETS OF THE COMPANY**

As holders of Preference Shares take priority over holders of ordinary shares of the Company in profit distribution, without taking into account any financial return that may be generated from the proceeds, it may cause the reduction of net profit attributable to the holders of ordinary shares, thus resulting in the decreases in earnings per share and weighted average return on net assets attributable to the Company's ordinary shareholders.

In order to ensure the effective use of the proceeds under this issuance, prevent the risk of diluted current return and improve future profitability, the Company has proposed to enhance its profitability, improve its core competitiveness, consolidate its risk resistance, and achieve sustainable development by strengthening the management of the raised funds, optimizing its business model, promoting cost management, strengthening risk management, and enhancing the investor return. The specific measures are as follow:

(I) to strengthen the Company's strategic leadership role and promote high-quality development

The Company will strengthen its strategic leadership role, thoroughly implement the spirit of the "14th Five-Year Plan," actively support the development of the real economy that is related to the national economy and people's livelihoods and in line with national strategic guidance, and focus on serving industrial transformation and upgrading. The Company will grasp the essence of its business, comprehensively clarify the business logic, thoroughly understand regulatory requirements, optimize its assessment and incentive mechanisms to align with strategic objectives, guide business and management to follow the established strategic direction, and promote the Company's overall, stable, and high-quality development.

(II) to reasonably utilize the raised funds to improve utilization efficiency

To regulate the management and use of the funds raised, the Company has formulated and improved the management methods for the use of the funds raised in accordance with the provisions and requirements of the Company Law, Securities Law, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, and other relevant laws and regulations, combined with the Company's actual situation. The Company has stipulated that the funds raised shall be managed separately and used for specific purposes. The Board of Directors of the Company will strictly regulate and manage the funds raised in accordance with relevant laws and regulations, as well as the Company's own management system for the use of funds, to ensure the safe and efficient use of the funds.

(III) to improve the corporate governance structure and enhance operational and management efficiency

The Company will continue to take advantages of separating ownership and management in accordance with the requirements of modern enterprise systems, and ensure standardized and efficient operation in legal person governance structure, decision-making mechanisms, organizational forms, and decision-making processes in accordance with relevant regulatory rules for listed companies, achieving scientific decision-making and standardized operation. Meanwhile, the Company will further improve its operational and management capabilities, strengthen internal control, and enhance its corporate governance effectiveness. The Company will promote comprehensive budget management, strengthen cost management, and strengthen supervision of budget implementation. By strictly controlling various expenses, the Company aims to enhance operational and management efficiency, and control operational and management risks.

VI. THE COMMITMENTS OF DIRECTORS AND SENIOR MANAGEMENT ON REMEDIAL MEASURES FOR THE DILUTION OF CURRENT RETURN BY ISSUANCE OF PREFERENCE SHARES TO SPECIFIC TARGETS

Upon completion of the issuance of Preference Shares to specific targets, the Directors and senior management of the Company will continue to faithfully and diligently discharge their duties, safeguard the legitimate rights and interests of the Company and all of its Shareholders. In accordance with the requirements by the State Council and the CSRC, and for the purpose of effective implementation of the Company's returns remedial measures, each of the Directors and senior management of the Company hereby undertakes that:

- (I) he/she shall faithfully and diligently discharge their duties, safeguard the legitimate rights and interests of the Company and all of its Shareholders;
- (II) he/she shall not transfer benefits to other enterprises or individuals at nil consideration or under unfair terms, nor shall he/she damage the interest of the Company in other ways;
- (III) he/she shall constrain post-related consumption;
- (IV) he/she shall not use the assets of the Company for investment or consumption which is irrelevant to his/her duties;
- (V) the remuneration system drafted by the Board or Remuneration and Assessment Committee of the Board will be linked to the implementation of remedial measures and he/she shall vote in favor of the remuneration system proposal when it is reviewed by the Board (if he/she has the voting/right to vote);

- (VI) in the event of the implementation of any share option incentive scheme by the Company in the future, he/she shall ensure that the vesting conditions of the equity incentive plan to be announced will be linked to the implementation of the remedial measures relating to returns of the Company and will vote in favor of the share option incentive scheme when it is reviewed by the Board (if he/she has the voting/right to vote);
- (VII) from the date of the issuance of this commitment to the completion of the Company's implementation of this issuance, if the CSRC has made other new regulatory requirements on the remuneration and repayment measures and commitments, and the above commitments cannot meet such new requirements of the CSRC, he/she shall issue a supplementary commitment in accordance with the latest regulations of the CSRC;
- (VIII) If the commitment to earnestly fulfill the Company's relevant remuneration and repayment measures and the commitments made thereon are violated, causing losses to the Company or investors, he/she shall be willing to bear the liability of compensation to the Company or investors in accordance with the law.

VII. THE COMMITMENTS OF CONTROLLING SHAREHOLDERS ON REMEDIAL MEASURES FOR THE DILUTION OF CURRENT RETURN BY ISSUANCE OF PREFERENCE SHARES TO SPECIFIC TARGETS

For the purpose of effective implementation of the Company's returns remedial measures, China Metallurgical Group Corporation, the controlling shareholder of the Company, hereby undertakes that:

- (I) the company will strictly abide by relevant laws and regulations, as well as the regulatory rules of the CSRC and the stock exchange where its shares are listed, and will not exceed its competence to interfere in the operation and management activities of listed company, and will not encroach on the interests of the listed company;
- (II) from the date of the issuance of this commitment to the completion of the Company's implementation of this issuance, if the CSRC has made other new regulatory requirements on the remuneration and repayment measures and commitments, and the above commitments cannot meet such new requirements of the CSRC, the company shall issue a supplementary commitment in accordance with the latest regulations of the CSRC;
- (III) If the commitment to earnestly fulfill the listed company's relevant remuneration and repayment measures and the commitments made thereon are violated, causing losses to the listed company or investors, the company shall be liable for compensating the listed company or the investors in accordance with the law.

In order to improve the profit distribution policy of Metallurgical Corporation of China Ltd.* (the “**Company**”), establish a sound, reasonable, sustainable and stable dividend distribution mechanism, enhance the transparency of profit distribution and safeguard the legitimate rights and interests of the investors, the Company hereby formulates the Shareholders’ dividend return plan for the years of 2023–2025 in light of the actual situation of the Company pursuant to the Notice of the China Securities Regulatory Commission (“**CSRC**”) on Matters Relating to the Further Implementation of Cash Dividend Payment by Listed Companies (Zheng Jian Fa [2012] No. 37), Regulatory Guidance to Listed Companies No. 3 – Cash Dividend Payments by Listed Companies (Revision 2022) and the Articles of Association of Metallurgical Corporation of China Ltd.* (the “**Articles of Association**”) and other relevant documents. Details are as follows:

I. BASIC PRINCIPLES OF THE PLAN

Under the premise of compliance with relevant laws, regulations, and the Articles of Association, this Plan fully considers the return to investors, maintains the continuity and stability of its profit distribution policy, balances the Company’s long-term interests, the overall interests of all shareholders and the Company’s sustainable development, and adheres to the principles that the profit distribution shall not exceed the accumulated distributable profits, and profits shall be distributed in accordance with the legal order and granting equal rights and interests to all shareholders. In the process of researching, deliberating, and deciding on the profit distribution policy, the Company shall fully consider the opinions of independent directors and public investors.

II. FACTORS OF CONSIDERATIONS FOR THE COMPANY TO FORMULATE THE PLAN

The plan focuses on the long-term and sustainable development of the Company, based on a comprehensive analysis on the actual operation and development, shareholders’ requirements and willingness, social capital cost, external financing environment and other factors of the Company, with full consideration to the Company’s current and future profit size, cash flow situation, development stage, demands for project investment funds, financing plan, bank credit, and debt financing environment, etc., and strives to establish a sustainable, stable and scientific return plan and mechanism for investors, and makes institutional arrangements for dividend distribution for the continuity and stability of profit distribution policies.

III. SPECIFIC SHAREHOLDERS’ RETURN PLAN FOR THE COMPANY FOR THE NEXT THREE YEARS

(I) Profit distribution form

1. The Company may distribute dividends in cash, dividends in shares, or a combination of both or other methods permitted by law, and distribution in cash shall be given priority to.

2. In accordance with relevant laws and regulations such as the Company Law of the People's Republic of China and the Articles of Association, after making up losses and fully withdrawing statutory and discretionary reserve funds, the profit to be distributed to ordinary shareholders in cash by the Company per year shall not be less than 15% of the distributable profit available for ordinary shareholders for the relevant year.

The conditions for cash dividends are as follows:

- (1) the distributable profit realized (i.e. the after-tax profit after recovery of losses, appropriation of statutory reserve funds and payment of preference share dividend) by the Company for the year and accumulated undistributed profit are positive;
- (2) where the audit firm issues a non-standard unqualified audit report for the financial report of the Company for the year.

In addition to the aforementioned dividend conditions, in the next three years (2023–2025), the Board shall take various factors into comprehensive consideration, including its industry features, development stage, self-operation mode and profitability level as well as whether it has any substantial capital expenditure arrangement, and differentiate the following circumstances to propose a differentiated policy for cash dividend distribution pursuant to the procedures stipulated in the Articles of Association of the Company:

- (1) where the Company is in a developed stage with no substantial capital expenditure arrangement, the cash dividend distribution shall reach a minimum of 80% of the total profit distribution when distributing its profits;
- (2) where the Company is in a developed stage with substantial capital expenditure arrangement, the cash dividend distribution shall reach a minimum of 40% of the total profit distribution when distributing its profits;
- (3) where the Company is in a developing stage with substantial capital expenditure arrangement, the cash dividend distribution shall reach a minimum of 20% of the total profit distribution when distributing its profits;

If it is difficult to distinguish the Company's stage of development but it has substantial capital expenditure arrangement, the profit distribution may be dealt with pursuant to the preceding provisions.

The Company may, on the premise of meeting the said percentage of cash dividends distribution, distribute profits by distributing share dividends. In determining the specific amount of the share-based profit distribution, the Company shall take full account of whether the total share capital after the share-based dividend distribution is suitable for the current business scale and earnings growth, and the impact on future debt financing cost, so as to ensure that the profit distribution plan is in the interest of all shareholders as a whole in the long run.

(II) Interval and proportion of profit distribution

The Company may distribute dividend in cash or in a combination of cash and shares. On the premise of satisfying dividend in both cash and shares, distribution in cash shall prevail. The Board of the Company may recommend to the Company to declare interim dividends based on the Company's profits and capital needs.

(III) Decision-making mechanism and procedure for the distribution of profit

The Company's profit distribution plan is proposed by the Board, but the opinions of independent Directors and the Supervisory Committee shall be solicited in advance. Independent Directors shall express independent opinions on the profit distribution plan, and the Supervisory Committee shall provide review opinions on the profit distribution plan. The profit distribution plan shall be reviewed and approved by more than half of the independent Directors and the Supervisory Committee, and shall be submitted to the general meeting for approval after being reviewed and approved by the Board.

The independent Directors may seek the opinions of the medium and minority Shareholders, prepare a dividend distribution proposal accordingly and present it directly to the Board for consideration.

(IV) Decision-making mechanism and procedure for adjusting or changing the profit distribution policy

Adjustments or changes to the profit distribution policy on the basis of the Company's production and operation conditions, investment plans and long-term development requirements, or significant changes in the external business or its own business situation shall not violate relevant regulations of the CSRC and the stock exchange. Resolutions for the adjustment in profit distribution policy shall be proposed by the Board based on the actual condition and submitted to the general meeting for consideration and approval and passed with a two-third majority of shareholders attending the general meeting.

IV. OTHER MATTERS

The matters not covered in this Plan shall be executed in accordance with relevant laws, regulations, regulatory documents and the Articles of Association. The Board of the Company is responsible for the justification of the Plan and it shall be implemented from the date of consideration and approval at the general meeting of the Company.

No.	Contents of Original Articles	Contents of Proposed Amendments
1	<p>Article 1 In a bid to safeguard the legitimate rights and interests of Metallurgical Corporation of China Ltd. (the “Company”), its Shareholders and creditors, and to regulate the organization and activities of the Company, the Company formulated the Articles of Association in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the State Council’s Extraordinary Regulations on Overseas Offering and Listing of Shares by Joint Stock Limited Companies” (the “Extraordinary Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the “Mandatory Provisions”), the Guidelines on Articles of Association of Listed Companies (the “Guidelines on Articles of Association”), the Constitution of the Communist Party of China and other relevant regulations.</p>	<p>Article 1 In a bid to safeguard the legitimate rights and interests of Metallurgical Corporation of China Ltd. (the “Company”), its Shareholders and creditors, and to regulate the organization and activities of the Company, the Company formulated the Articles of Association in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the State Council’s Extraordinary Regulations on Overseas Offering and Listing of Shares by Joint Stock Limited Companies” (the “Extraordinary Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (the “Mandatory Provisions”), the Guidelines on Articles of Association of Listed Companies (the “Guidelines on Articles of Association”), <u>the Guiding Opinions of the State Council on Conducting Pilot Programme on Preference Shares, the Administrative Measures on the Pilot Scheme of Preference Shares,</u> the Constitution of the Communist Party of China and other relevant regulations.</p>
2	<p>Article 13 The Company’s stock takes the form of Shares.</p> <p>The Shares of the Company are evidenced by Share certificates, with a par value of Renminbi 1 yuan each.</p> <p>The Renminbi referred to in the preceding paragraph is the legal currency of the People’s Republic of China.</p>	<p>Article 13 The Company’s stock takes the form of Shares.</p> <p>The Shares of the Company are evidenced by Share certificates, with a par value of Renminbi 1 yuan <u>per ordinary Share and Renminbi 100 yuan per preference Share.</u></p> <p>The Renminbi referred to in the preceding paragraph is the legal currency of the People’s Republic of China.</p>

No.	Contents of Original Articles	Contents of Proposed Amendments
3	<p>Article 18</p> <p>The registered capital of the Company is RMB20,723,619,170, and the paid-up capital is RMB20,723,619,170.</p>	<p>Article 18</p> <p>The registered capital of the Company is RMB20,723,619,170, and the paid-up capital is RMB20,723,619,170.</p> <p><u>Upon the approval of the Shanghai Stock Exchange and registration with the CSRC on [•] 2023, the Company issued a total number of [•] Preference Shares to specific targets, which were listed on the Shanghai Stock Exchange on [•] 2023.</u></p>
4	<p>Article 25</p> <p>.....</p> <p>Directors, Supervisors and senior management members of the Company shall report to the Company the Shares their shareholdings in the Company and any changes thereof, and shall not transfer more than 25% of the total number of Shares held by them in each year of their respective term of office. The Company Shares held by them shall not be transferred within one year from the date the Shares of the Company being listed and traded on the stock exchanges. The aforesaid person(s) shall not assign the Shares of the Company held by them within six months after their term of office expires. Where the aforementioned restrictions on transfer involve H Shares, approval by Hong Kong Stock Exchange is required.</p>	<p>Article 25</p> <p>.....</p> <p>Directors, Supervisors and senior management members of the Company shall report to the Company the Shares <u>(including Preference Shares)</u> their shareholdings in the Company and any changes thereof, and shall not transfer more than 25% of the total number of Shares held by them in each year of their respective term of office. The Company Shares held by them shall not be transferred within one year from the date the Shares of the Company being listed and traded on the stock exchanges. The aforesaid person(s) shall not assign the Shares of the Company held by them within six months after their term of office expires. Where the aforementioned restrictions on transfer involve H Shares, approval by Hong Kong Stock Exchange is required.</p>

No.	Contents of Original Articles	Contents of Proposed Amendments
5	<p>Article 34</p> <p>The total nominal value of the Shares thus cancelled shall be deducted from the registered capital of the Company.</p>	<p>Article 34</p> <p>The total nominal value of the Shares thus cancelled shall be deducted from the registered capital of the Company.</p> <p><u>Upon repurchase of Preference Shares in accordance with the Articles of Association, the total number of outstanding Preference Shares shall be written down accordingly.</u></p>
6	<p>Article 71 If Shareholders request to convene an Extraordinary General Meeting or Class Meeting, the following procedures shall apply:</p> <p>(2)</p> <p>.....</p> <p>If the Board of Supervisors fails to issue the meeting notice within the specified period, the Board of Supervisors shall not convene and preside over the General Meeting, and the Shareholders holding more than 10% of the Shares independently or collectively for more than 90 consecutive days may convene and preside over the meeting on their own.</p>	<p>Article 71 If Shareholders request to convene an Extraordinary General Meeting or Class Meeting, the following procedures shall apply:</p> <p>(2)</p> <p>.....</p> <p>If the Board of Supervisors fails to issue the meeting notice within the specified period, the Board of Supervisors shall not convene and preside over the General Meeting, and the Shareholders holding more than 10% of the total Shares with voting rights independently or collectively for more than 90 consecutive days may convene and preside over the meeting on their own.</p>
7	<p>Article 102 When voting at the General Meeting, the Shareholders (including proxies) shall exercise the voting rights according to the number of Shares with voting rights they represent, with each Share representing a voting right of one vote.</p> <p>The Company Shares held by the Company shall have no voting rights, and shall not be included in the total Shares with voting rights present at the General Meeting.</p> <p>.....</p>	<p>Article 102 When voting at the General Meeting, the Shareholders (including proxies) shall exercise the voting rights according to the number of Shares with voting rights they represent, with each Share representing a voting right of one vote. <u>The preference Shareholders shall be entitled to the corresponding voting rights in accordance with Articles 272 and 273 of the Articles of Association.</u></p>

No.	Contents of Original Articles	Contents of Proposed Amendments
8	<p>Article 108 When the General Meeting reviews the issues concerning connected transactions, connected Shareholders shall not participate in the voting. The Shares with voting rights held by such Shareholders shall not be included in the total valid votes. The announcement of the resolution of the General Meeting shall fully disclose the voting of the non-connected Shareholders.</p>	<p>Article 108 When the General Meeting reviews the issues concerning connected transactions, connected Shareholders <u>(including ordinary Shareholders and preference Shareholders)</u> shall not participate in the voting. The Shares with voting rights held by such Shareholders shall not be included in the total valid votes. The announcement of the resolution of the General Meeting shall fully disclose the voting of the non-connected Shareholders.</p>
9	<p>Article 119 The resolution of the General Meeting shall be announced in time according to the listing rules of the region where the Company Shares are listed. The announcement shall specify the number of Shareholders and proxies present at the meeting, the total Shares with voting rights held by the participants, the proportion of such Shares to the total Shares with voting rights of the Company, the voting method, the voting result of each proposal, and details of each proposal passed. The participation of the holders of domestic Shares and foreign Shares and the voting results shall be counted separately and announced accordingly.</p>	<p>Article 119 The resolution of the General Meeting shall be announced in time according to the listing rules of the region where the Company Shares are listed. The announcement shall specify the number of Shareholders and proxies present at the meeting, the total Shares with voting rights held by the participants, the proportion of such Shares to the total Shares with voting rights of the Company, the voting method, the voting result of each proposal, and details of each proposal passed. The participation of the holders of domestic Shares, <u>and foreign Shares and Preference Shares with voting rights</u> and the voting results shall be counted separately and announced accordingly.</p>

No.	Contents of Original Articles	Contents of Proposed Amendments
10	<p>Article 157 At least four meetings of the Board shall be convened every year by the Chairman of the Board. All the Directors and Supervisors shall be notified in writing 14 days before each meeting.</p> <p>An extraordinary meeting of the Board of Directors may be held when it is proposed by the Chairman, the Shareholders representing more than one-tenth of the voting rights, more than one-third of the Directors, more than half of the Independent Directors, the President or the Board of Supervisors. The Chairman shall convene and preside over the meeting of the Board of Directors within 10 days after receipt of such proposal.</p>	<p>Article 157 At least four meetings of the Board shall be convened every year by the Chairman of the Board. All the Directors and Supervisors shall be notified in writing 14 days before each meeting.</p> <p>An extraordinary meeting of the Board of Directors may be held when it is proposed by the Chairman, the Shareholders <u>(including ordinary Shareholders and the preference Shareholders whose voting rights have been restored)</u> representing more than one-tenth of the voting rights, more than one-third of the Directors, more than half of the Independent Directors, the President or the Board of Supervisors. The Chairman shall convene and preside over the meeting of the Board of Directors within 10 days after receipt of such proposal.</p>
11	<p>Article 229</p> <p>.....</p> <p>When the legal reserves of the Company falls short to offset the loss of prior years, the Company shall use the profit earned during the year to offset the loss before accruing the legal reserves according to the previous paragraph.</p>	<p>Article 229</p> <p>.....</p> <p>The post-tax profit left after the loss recovery and accrual of the reserves shall be <u>used to pay Preference Shares dividends first, and the remaining shall be</u> distributed in proportion to the shareholding of the <u>ordinary</u> Shareholders, unless otherwise specified under these Articles of Association.</p>

No.	Contents of Original Articles	Contents of Proposed Amendments
12	<p>Article 266 After liquidating the corporate property and preparing the balance sheet and list of properties, the liquidation group shall formulate the liquidation scheme and submit it to the General Meeting or the People's Court for confirmation.</p> <p>Upon the respective payment of liquidation costs, wages for employees, social insurance and statutory compensations, outstanding taxes and loans, and pay off debts, surplus assets of the Company shall be distributed to Shareholders in accordance with their proportion of Shares held.</p> <p>.....</p>	<p>Article 266 After liquidating the corporate property and preparing the balance sheet and list of properties, the liquidation group shall formulate the liquidation scheme and submit it to the General Meeting or the People's Court for confirmation.</p> <p>Upon the respective payment of liquidation costs, wages for employees, social insurance and statutory compensations, outstanding taxes and loans, and pay off debts, surplus assets of the Company shall be distributed to Shareholders in accordance with <u>their proportion of Shares held the provisions of Article 281 of the Articles of Association.</u></p> <p>.....</p>
13	Newly added	<u>Chapter 20 Special Provisions of Preference Shares</u>
14	Newly added	<p><u>Article 270 Except prescribed otherwise by laws, administrative regulations, departmental rules and regulations, the local securities supervision and administration authorities at the place of listing the Company's Shares and the Articles of Association, the rights and obligations of the preference Shareholders and the management of the Preference Shares shall comply with the relevant stipulations in the Articles of Association. With the consideration and approval of the Shanghai Stock Exchange as well as the registration of the securities regulatory body under the State Council, the Company may issue the Preference Shares. The issued Preference Shares of the Company shall not exceed 50% of the total number of the ordinary Shares of the Company and the amount of funds raised shall not exceed 50% of the net assets before the issuance. The Preference Shares repurchased or converted shall not be included in the calculation.</u></p>

No.	Contents of Original Articles	Contents of Proposed Amendments
15	Newly added	<p><u>Article 271 The preference Shareholders of the Company shall be entitled to the following rights:</u></p> <p>(1) <u>To obtain the dividend in accordance with the terms and proportion of their Preference Shares held;</u></p> <p>(2) <u>In case of meeting the conditions prescribed by Article 272 thereof, the preference Shareholders of the Company shall be entitled to attend and vote at the General Meeting of the Company;</u></p> <p>(3) <u>To inspect the Articles of Association, the register of shareholders, the debenture receipts of the Company, minutes of the General Meeting, resolutions of the meetings of the Board of Directors, resolutions of the Board of Supervisors and financial accounting report;</u></p> <p>(4) <u>In case of occurring the situations prescribed in Article 273, the voting rights shall be restored in accordance with the means stipulated by the article, until the Company has fully paid the dividends in arrears;</u></p> <p>(5) <u>To be distributed the remaining properties of the Company superior to the ordinary Shareholders;</u></p> <p>(6) <u>Other rights entitled to the preference Shareholders as prescribed by laws, administrative regulations, departmental rules and regulations and the Articles of Association.</u></p>

No.	Contents of Original Articles	Contents of Proposed Amendments
16	Newly added	<p data-bbox="847 263 1393 534"><u>Article 272 The preference Shareholders have no right to make a request to, convene, preside to, attend, or attend by proxy any General Meeting, nor do they have voting rights, save as the matters to be voted by the preference Shareholders in accordance with the laws and regulations or the Articles of Association.</u></p> <p data-bbox="847 587 1393 1059"><u>Under one of the following circumstances, the Company shall deliver the notice of the General Meeting to the preference Shareholders, and comply with the notice procedure for ordinary Shareholders set forth in the Company Law and the Articles of Association. The preference Shareholders are entitled to attend the General Meeting and vote on the following matters separately from the ordinary Shareholders. In this case, each preference Share shall have one vote, but the Preference Shares held by the Company shall have no voting right:</u></p> <ol data-bbox="847 1112 1393 1815" style="list-style-type: none"> <li data-bbox="847 1112 1393 1219">1. <u>any amendment to the provisions of the Articles of Association regarding the Preference Shares;</u> <li data-bbox="847 1272 1393 1378">2. <u>any reduction of the registered capital of the Company by more than 10%, whether on an individual or cumulative basis;</u> <li data-bbox="847 1432 1393 1495">3. <u>any merger, division, dissolution or change of organizational form of the Company;</u> <li data-bbox="847 1549 1393 1613">4. <u>any issuance of Preference Shares by the Company;</u> <li data-bbox="847 1666 1393 1815">5. <u>any other circumstances prescribed by laws, administrative regulations, departmental rules or the Articles of Association.</u>

No.	Contents of Original Articles	Contents of Proposed Amendments
		<p><u>Resolutions on the matters above shall be approved by at least two-thirds of the votes represented by the preference Shareholders present at the meeting (excluding the preference Shareholders whose voting rights have been restored), in addition to the approval by at least two-thirds of the votes represented by the ordinary Shareholders of the Company present at the meeting (including the preference Shareholders whose voting rights have been restored).</u></p>
17	Newly added	<p><u>Article 273 If the Company fails to pay dividends to the preference Shareholders as agreed for three accounting years in aggregate or two consecutive accounting years, the preference Shareholders shall have the right to attend the General Meeting and vote with ordinary Shareholders from the date immediately following the date when the General Meeting has approved the cancellation of payment of the Preference Shares dividend or the date immediately following the failure to pay Preference Shares dividend as agreed.</u></p> <p><u>The formula of calculating the ordinary voting rights entitled to each preference Share at the time of restoring the voting rights is: $N=V/P_n$. Wherein, V is the total par value of Preference Shares held by the preference Shareholders; the stimulated conversion price P_n is the net asset value per Share attributable to equity holders of the parent company as disclosed in the Company's audited consolidated financial statements as at 31 December 2022, that is, RMB4.47/Share. The number of voting rights restored shall be rounded down to the nearest integer.</u></p> <p><u>The stimulated conversion price at the time of restoring the voting rights will be adjusted as prescribed by the issuance plan.</u></p>

No.	Contents of Original Articles	Contents of Proposed Amendments
18	Newly added	<p><u>Article 274 After the voting rights are restored, when the Company has fully paid the current payable dividends in arrears, the voting rights of the preference Shareholders under the voting rights restoration terms, shall be immediately terminated from the date of full payment of the dividend, unless the laws, regulations and the Articles of Association stipulate otherwise. The voting rights of preference Shareholders may be restored again if the voting rights restoration clause is triggered again in the future.</u></p>
19	Newly added	<p><u>Article 275 If the Company repurchases its ordinary Shares, or is subject to a merger, division or any other circumstances that may lead to changes in the Company's Shares and Shareholders' equity and thereby affect the interests of the preference Shareholders, the Company shall adjust the stimulated conversion price upon restoration of voting rights according to the actual situation in a fair, just and equitable principals to fully protect and keep balance of the interests of the preference Shareholders and ordinary Shareholders. The contents and the mechanism relating to the adjustment of the stimulated conversion price upon restoration of voting rights will be formulated in accordance with the PRC laws and regulations.</u></p>

No.	Contents of Original Articles	Contents of Proposed Amendments
20	Newly added	<p><u>Article 276 The Company is entitled to redeem the Preference Shares of the Company in accordance with the Articles of Association and in compliance with relevant laws and regulations.</u></p> <p><u>The redemption right of the Preference Shares rests on the Company, and no repurchase terms for preference Shareholders are provided.</u></p> <p><u>The Company is entitled to redeem and withdraw all or part of the Preference Shares under the issuance on the annual dividend payment date of the Preference Shares in accordance with its operation situation and in compliance with relevant laws, regulations and normative documents, and the redemption period is until the date when all the Preference Shares under the issuance to specific targets are redeemed. The specific arrangement of redemption right shall be finally determined by the Board of Directors of the Company (or the person authorized by the Board of Directors) according to the authorization of the General Meeting.</u></p> <p><u>The redemption price of the Preference Shares shall be the par value plus current resolved payment of but unpaid dividends on the Preference Shares.</u></p> <p><u>The General Meeting authorizes the Board of Directors to deal with, at its sole discretion, all matters in relation to the redemption under the framework and principles considered and approved by the General Meeting and in accordance with relevant laws and regulations and market conditions.</u></p>

No.	Contents of Original Articles	Contents of Proposed Amendments
21	Newly added	<p><u>Article 277</u> The Company shall distribute fixed dividends to the preference Shareholders at fixed dividend rate if there are distributable profits after making good losses and the contribution to reserve fund according to law.</p> <p><u>The General Meeting authorizes the Board of Directors to declare and pay all the dividends of Preference Shares in accordance with the provisions of the issuance documents under the framework and principles of matters involving Preference Shares that have been considered and approved by the General Meeting. However, proposed cancellation of payment of dividend on the Preference Shares for the current year in whole or in part shall be submitted to the General Meeting of the Company for consideration and approval, and the Company shall inform the preference Shareholders at least 10 working days prior to dividend payment date in accordance with the requirement of the relevant authorities.</u></p> <p><u>The Preference Shares issued in different tranches rank pari passu in the dividend distribution. Preference Shareholders shall take precedence over ordinary Shareholders in distribution of dividends. The Company shall not distribute any profit to ordinary Shareholders unless the agreed dividend on Preference Shares has been fully distributed.</u></p>

No.	Contents of Original Articles	Contents of Proposed Amendments
22	Newly added	<p data-bbox="847 268 1393 683"><u>Article 278 Unless the occurrence of any trigger events for compulsory payment, the General Meeting of the Company shall be entitled to determine to cancel the payment of part or full dividend for the current year on the Preference Shares, which shall not be deemed a default of the Company. Trigger events for compulsory payment means the occurrence of any of the following events within 12 months prior to the dividend payment date:</u></p> <p data-bbox="847 740 1393 938"><u>(1) the payment of dividend to the ordinary Shareholders by the Company (including cash, Shares, a combination of both cash and Shares and other methods in compliance with the laws and regulations);</u></p> <p data-bbox="847 995 1393 1236"><u>(2) the reduction of registered Share capital (except for the redemption and withdrawal of Shares due to Share incentive plan or the redemption and withdrawal of ordinary Shares with the proceeds from issuing Preference Shares).</u></p>

No.	Contents of Original Articles	Contents of Proposed Amendments
23	Newly added	<p><u>Article 279 Dividends on Preference Shares shall be paid by the Company in cash.</u></p> <p><u>Dividends on Preference Shares of the Company shall be paid annually. The dividends shall accrue from the last day of payment for the issuance of Preference Shares. The annual dividend payment date shall be the anniversary date of the last day of payment for the issuance of Preference Shares. If any dividend payment date falls on a statutory holiday or weekend, it shall be deferred to the next business day. Any tax payable for the dividend on the Preference Shares shall be borne by preference Shareholders in accordance with relevant laws and regulations.</u></p>
24	Newly added	<p><u>Article 280 Dividends on Preference Shares under the issuance will be paid in a cumulative manner, which means that the difference amount arising from any dividends not paid in full to the preference Shareholders in the previous year will be accumulated to the following year, and it shall not constitute a default by the Company. With dividends being distributed to in accordance with the agreed dividend rate, preference Shareholders shall no longer participate in the distribution of residual profits with ordinary Shareholders.</u></p>

No.	Contents of Original Articles	Contents of Proposed Amendments
25	Newly added	<p data-bbox="847 263 1377 549"><u>Article 281 If the Company is subject to liquidation due to dissolution, bankruptcy and other reasons, the residual property of the Company after liquidation in accordance with the relevant provisions of laws and regulations, shall be distributed to the Shareholders in the following sequences and method:</u></p> <p data-bbox="847 608 1377 932"><u>(1) pay the sum of par value of the Preference Shares and current unpaid dividends that has been resolved to pay to the preference Shareholders. If the residual property is not sufficient to pay, the distribution shall be made on a pro rata basis in accordance with their shareholding of Preference Shares;</u></p> <p data-bbox="847 991 1377 1102"><u>(2) distribute to ordinary Shareholders on a pro rata basis in accordance with their shareholding of ordinary Shares.</u></p>

Note: Except for the above table, the serial numbers of other relevant provisions and the serial numbers quoting the preceding provisions in the Articles of Association are adjusted accordingly.

This English language version is provided for reference purposes only. In the event of any inconsistency between the English and the Chinese version, the Chinese version shall prevail.

**APPENDIX VI PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
FOR THE GENERAL MEETINGS**

No.	Contents of Original Document	Contents of Proposed Amendments
1	<p>Article 1 In order to further regulate the procedures and decision-making procedures of the Board of Directors of Metallurgical Corporation of China Ltd. (the “Company”), enable the Directors and the Board of Directors to effectively perform their duties, and improve the standardized operation and scientific decision-making of the Board of Directors, these Rules have been formulated in accordance with the relevant provisions of the Company Law, the Securities Law, the Mandatory Provisions in the Articles of Association of Companies Listed Overseas, the Code on Governance of Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board) (the “Hong Kong Listing Rules”) and the Articles of Association of Metallurgical Corporation of China Ltd. (the “Articles of Association”).</p>	<p>Article 1 In order to further regulate the procedures and decision-making procedures of the Board of Directors of Metallurgical Corporation of China Ltd. (the “Company”), enable the Directors and the Board of Directors to effectively perform their duties, and improve the standardized operation and scientific decision-making of the Board of Directors, these Rules have been formulated in accordance with the relevant provisions of the Company Law, the Securities Law, the Mandatory Provisions in the Articles of Association of Companies Listed Overseas, the Code on Governance of Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, <u>the Guiding Opinions of the State Council on Conducting Pilot Programme on Preference Shares, the Administrative Measures on the Pilot Scheme of Preference Shares</u>, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board) (the “Hong Kong Listing Rules”) and the Articles of Association of Metallurgical Corporation of China Ltd. (the “Articles of Association”).</p>
2	<p>Article 11 If Shareholders request to convene an Extraordinary General Meeting or Class Meeting, the following procedures shall apply:</p> <p>.....</p> <p>(2)</p> <p>.....</p> <p>If the Board of Supervisors fails to issue the meeting notice within the specified period, the Board of Supervisors shall not convene and preside over the General Meeting, and the Shareholders holding more than 10% of the Shares independently or collectively for more than 90 consecutive days may convene and preside over the meeting on their own.</p>	<p>Article 11 If Shareholders request to convene an Extraordinary General Meeting or Class Meeting, the following procedures shall apply:</p> <p>.....</p> <p>(2)</p> <p>.....</p> <p>If the Board of Supervisors fails to issue the meeting notice within the specified period, the Board of Supervisors shall not convene and preside over the General Meeting, and the Shareholders holding more than 10% of the <u>total Shares with voting rights</u> independently or collectively for more than 90 consecutive days may convene and preside over the meeting on their own.</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
FOR THE GENERAL MEETINGS**

No.	Contents of Original Document	Contents of Proposed Amendments
3	<p>Article 25 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 set the meeting venue and take place in the form of site meeting. The Company will also provide online or otherwise 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 25 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 set the meeting venue and take place in the form of site meeting. The Company will also provide online or otherwise 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><u>Where the Company convenes a General Meeting in relation to the issuance of Preference Shares, it shall provide network voting and may facilitate the participation of the Shareholders in the General Meeting through other means approved by the CSRC.</u></p>
4	<p>Article 28 All shareholders whose names appear on the register of members on the date of registration of equity entitlements shall be entitled to attend and speak at the General Meeting and exercise their voting rights in accordance with relevant laws, regulations, the listing rules of the listing place and the Articles of Association, except where a shareholder is required by the listing rules of the HKEX to abstain from voting to approve the matter under consideration.</p>	<p>Article 28 All shareholders whose names appear on the register of members on the date of registration of equity entitlements shall be entitled to attend and speak at the General Meeting and exercise their voting rights in accordance with relevant laws, regulations, the listing rules of the listing place and the Articles of Association, except where a shareholder is required by the listing rules of the HKEX to abstain from voting to approve the matter under consideration.</p> <p><u>Except for matters that are required to be voted on by the preference Shareholders under the laws, administrative regulations, departmental rules and regulations or the Articles of Association, the preference Shareholders shall not have the right to request, convene, preside over, attend or appoint a shareholder’s proxy to attend a General Meeting and shall not have the right to vote.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
FOR THE GENERAL MEETINGS**

No.	Contents of Original Document	Contents of Proposed Amendments
		<p><u>In the event of any of the following circumstances, the Company shall convene a General Meeting by notifying the preference Shareholders and follow the procedures stipulated in the Company Law and the Articles of Association for notifying the ordinary Shareholders. The preference Shareholders shall be entitled to attend the General Meetings and vote separately from ordinary Shareholders on the following matters, with one vote for each of the preferred Shares held by them, except that preferred shares held by the Company shall not be attached with the right to vote:</u></p> <p><u>(I) To amend the articles of the Articles of Association in relation to the Preference Shares;</u></p> <p><u>(II) Reduction of the registered capital of the Company by more than ten percent at one time or in aggregate;</u></p> <p><u>(III) Merger, demerger, dissolution or change of corporate form of the Company;</u></p> <p><u>(IV) Issuance of Preference Shares;</u></p> <p><u>(V) Other circumstances as provided for by laws, administrative regulations, departmental rules and regulations and the Articles of Association.</u></p> <p><u>Resolutions on the above matters shall be passed by at least two-thirds of the votes held by the ordinary Shareholders (including the preference Shareholders whose voting rights have been restored) present at the meeting, in addition to at least two-thirds of the votes held by the preference Shareholders (excluding the preference Shareholders whose voting rights have been restored) present at the meeting.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
FOR THE GENERAL MEETINGS**

No.	Contents of Original Document	Contents of Proposed Amendments
5	<p>Article 42 When voting at the General Meeting, the Shareholders (including proxies) shall exercise the voting rights according to the number of Shares with voting rights they represent, with each Share representing a voting right of one vote.</p>	<p>Article 42 When voting at the General Meeting, the Shareholders (including proxies) shall exercise the voting rights according to the number of Shares with voting rights they represent, with each Share representing a voting right of one vote. <u>The preference Shareholders shall be entitled to the corresponding voting rights in accordance with Articles 272 and 273 of the Articles of Association.</u></p>
6	<p>Article 44 The chairperson shall announce whether the resolution of the General Meeting shall be adopted according to the voting results, and his/her decision shall be final. The voting results shall be announced at the meeting and recorded in the minutes.</p> <p>When the General Meeting reviews the issues concerning connected transactions, connected Shareholders shall not participate in the voting. The Shares with voting rights held by such Shareholders shall not be included in the total valid votes. The announcement of the resolution of the General Meeting shall fully disclose the voting of the non-connected Shareholders.</p>	<p>Article 44 The chairperson shall announce whether the resolution of the General Meeting shall be adopted according to the voting results, and his/her decision shall be final. The voting results shall be announced at the meeting and recorded in the minutes.</p> <p>When the General Meeting reviews the issues concerning connected transactions, connected Shareholders <u>(including ordinary Shareholders and preference Shareholders)</u> shall not participate in the voting. The Shares with voting rights held by such Shareholders shall not be included in the total valid votes. The announcement of the resolution of the General Meeting shall fully disclose the voting of the non-connected Shareholders.</p> <p><u>The Shareholders (including proxies) shall exercise their voting rights at General Meetings with the amount of voting Shares they represent, one vote for each of the Shares held by the ordinary Shareholders; the preference Shareholders whose voting rights have been restored shall enjoy the corresponding voting rights in accordance with Article 273 of the Articles of Association.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
FOR THE GENERAL MEETINGS**

No.	Contents of Original Document	Contents of Proposed Amendments
7	<p>Article 47 The Meeting shall vote on all the proposals on an individual basis except when the accumulative voting system applies. If there are different proposals on one issue, the proposal submitted earliest shall be voted on first. No proposal shall be left unnoticed or unresolved at the General Meeting, unless the General Meeting is terminated or is unable to make resolutions due to force majeure or other special causes.</p>	<p>Article 47 The Meeting shall vote on all the proposals on an individual basis except when the accumulative voting system applies. If there are different proposals on one issue, the proposal submitted earliest shall be voted on first. No proposal shall be left unnoticed or unresolved at the General Meeting, unless the General Meeting is terminated or is unable to make resolutions due to force majeure or other special causes.</p> <p><u>At a General Meeting, when considering the issuance of Preference Shares, each of the following matters shall be voted on:</u></p> <p><u>(I) The type and number of Preference Shares to be issued;</u></p> <p><u>(II) The method of issuance, target investors and placing arrangement to existing Shareholders;</u></p> <p><u>(III) The par value, issue price or pricing range and the principles for determining the same;</u></p> <p><u>(IV) The manner in which the preference Shareholders shall participate in the distribution of profits, including: the dividend rate and its determination principles, the conditions for the payment of dividends, the manner of dividend payment, whether dividends are cumulative and whether they may participate in the distribution of residual profits, etc;</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
FOR THE GENERAL MEETINGS**

No.	Contents of Original Document	Contents of Proposed Amendments
		<p><u>(V) The terms of repurchase, including the conditions for repurchase, the period, the price and its determination principles, the subject of exercise of the repurchase option, etc. (if any);</u></p> <p><u>(VI) The use of the proceeds;</u></p> <p><u>(VII) The conditional share subscription contract (if any) entered into between the Company and the corresponding target subscribers;</u></p> <p><u>(VIII) The validity period of the resolution;</u></p> <p><u>(IX) The plan of amendments to the articles in the Articles of Association relating to the profit distribution policy for preference Shareholders and ordinary Shareholders;</u></p> <p><u>(X) Authorisation of the Board of Directors to handle specific matters in relation to the issuance;</u></p> <p><u>(XI) Other matters.</u></p> <p><u>Where, for the purpose of reducing its registered capital, the Company repurchases ordinary Shares with issuance of Preference Shares to unspecific subscribers as the means of payment, or repurchases ordinary Shares from specified Shareholders of the Company with issuance of Preference Shares to specific subscribers as the means of payment, a resolution to repurchase ordinary Shares at a General Meeting shall be passed by at least two-thirds of the votes held by ordinary Shareholders (including the preference Shareholders whose voting rights have been restored) present at the meeting.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
FOR THE GENERAL MEETINGS**

No.	Contents of Original Document	Contents of Proposed Amendments
8	<p>Article 69 The resolution of the General Meeting shall be announced in time according to the listing rules of the region where the Company Shares are listed. The announcement shall specify the number of Shareholders and proxies present at the meeting, the total Shares with voting rights held by the participants, the proportion of such Shares to the total Shares with voting rights of the Company, the voting method, the voting result of each proposal, and details of each proposal passed. The participation of the holders of domestic Shares and foreign Shares and the voting results shall be counted separately and announced accordingly.</p> <p>Should the resolution not be passed or the current General Meeting alters the resolutions of the previous meeting, a special note shall be made in the announcement on the resolutions of the general meeting.</p> <p>.....</p>	<p>Article 69 The resolution of the General Meeting shall be announced in time according to the listing rules of the region where the Company Shares are listed. The announcement shall specify the number of <u>various types of</u> Shareholders and proxies present at the meeting, the total Shares with voting rights held by the participants, the proportion of such Shares to the total Shares with voting rights of the Company, the voting method, the voting result of each proposal, and details of each proposal passed. The participation of the holders of domestic Shares and foreign Shares <u>and the preference Shareholders with voting rights</u> and the voting results shall be counted separately and announced accordingly.</p> <p><u>Where the Company votes in the circumstances set out in paragraph 3 of Article 28 of these Rules, the attendance of and voting by ordinary Shareholders (including the preference Shareholders whose voting rights have been restored) and preference Shareholders (excluding the preference Shareholders whose voting rights have been restored) shall be counted and announced separately.</u></p> <p>Should the resolution not be passed or the current General Meeting alters the resolutions of the previous meeting, a special note shall be made in the announcement on the resolutions of the general meeting.</p> <p>.....</p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
FOR THE GENERAL MEETINGS**

No.	Contents of Original Document	Contents of Proposed Amendments
9	Newly added	<p><u>CHAPTER VIII SPECIAL PROVISIONS FOR PREFERENCE SHAREHOLDERS TO PARTICIPATE IN GENERAL MEETINGS</u></p> <p><u>Article 71 Unless otherwise specially specified in these Rules, “Shareholders” as referred to in these Rules shall refer to the ordinary Shareholders of the Company and the preference Shareholders who are entitled to shareholder’s rights and obligations in such matters in accordance with the laws, regulations, normative documents, the Articles of Association and these Rules.</u></p> <p><u>The term “ordinary Shareholders” as referred to in these Rules refers to the Shareholders holding ordinary Shares of the kind issued by the Company with ordinary rights in the management and profitability of the Company and in the distribution of its properties.</u></p> <p><u>The term “preference Shareholders” referred to in these Rules refers to the Shareholders holding Shares of a kind other than the generally prescribed ordinary kinds of Shares issued by the Company, who/which have priority over the ordinary Shareholders in the distribution of the Company’s profits and residual properties, subject to restrictions on their rights to participate in the management of the Company’s decisions, etc.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
FOR THE GENERAL MEETINGS**

No.	Contents of Original Document	Contents of Proposed Amendments
10	Newly added	<p><u>Article 72 Except for the circumstances in which voting rights are restored, the preference Shareholders shall be entitled to attend the General Meetings and vote separately from the ordinary Shareholders only in the circumstances set forth in Paragraph 3, Article 28, of these Rules.</u></p>
11	Newly added	<p><u>Article 73 The provisions of these Rules relating to the notice procedures for General Meetings shall apply to the preference Shareholders attending General Meetings in respect of classified voting matters.</u></p> <p><u>Notices of the relevant General Meetings shall be served only on those Shareholders entitled to vote at the meeting.</u></p>
12	Newly added	<p><u>Article 74 The “restoration of voting rights” referred to in these Rules refers to the restoration of the right of preference Shareholders to request, convene, preside over, participate in or appoint a proxy to attend a General Meeting under the circumstances as provided for in the Articles of Association, and the right to vote jointly with the ordinary Shareholders.</u></p>
13	Newly added	<p><u>Article 75 The preference Shareholders whose voting rights have been restored shall participate in General Meetings in accordance with the laws, administrative regulations, departmental regulations, normative documents, the Articles of Association and these Rules applying the same procedural provisions as those for ordinary Shareholders.</u></p>

**APPENDIX VI PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES
FOR THE GENERAL MEETINGS**

No.	Contents of Original Document	Contents of Proposed Amendments
14	Newly added	<u>Article 76 With respect to the calculation of the proportion of voting rights enjoyed by the preference Shareholders whose voting rights have been restored and the time limit for the restoration of voting rights, the Board of Directors of the Company shall determine specifically in accordance with the laws, administrative regulations, departmental rules and regulations, normative documents, the Articles of Association and the agreement on the specific terms of issue in force at that time, and will notify the preference Shareholders in a timely manner.</u>
15	Newly added	<u>Article 77 Only ordinary Shares and preferred Shares of which the voting rights have been restored shall be counted in the calculation of the relevant shareholding ratio for the purposes of requesting the convening of an extraordinary General Meeting, convening and presiding over a General Meeting, submitting an extraordinary proposal for a General Meeting and determining the relevant Shareholders.</u>

Note: Except for the above table, the serial numbers of other relevant provisions and the serial numbers quoting the preceding provisions in the Rules of Procedure for the General Meetings are adjusted accordingly.

This English language version is provided for reference purposes only. In the event of any inconsistency between the English and the Chinese version, the Chinese version shall prevail.

No.	Contents of Original Document	Contents of Proposed Amendments
1	<p>Article 1 In a bid to safeguard the legitimate interests of Metallurgical Corporation of China Ltd. (the “Company”) and its Shareholders, to specify the duties and authorities of the General Meetings, to ensure the proper, efficient and operation of the General Meetings and to ensure the General Meetings exercise their functions and powers legally, the Company formulated these Rules in accordance with the laws and regulations including the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Guidelines on Articles of Association of Listed Companies, the Rules of Procedures for the General Meetings of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (the “Shanghai Listing Rules”), and the Articles of Association of Metallurgical Corporation of China Ltd. (the “Articles of Association”).</p>	<p>Article 1 In a bid to safeguard the legitimate interests of Metallurgical Corporation of China Ltd. (the “Company”) and its Shareholders, to specify the duties and authorities of the General Meetings, to ensure the proper, efficient and operation of the General Meetings and to ensure the General Meetings exercise their functions and powers legally, the Company formulated these Rules in accordance with the laws and regulations including the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China, the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Guidelines on Articles of Association of Listed Companies, <u>the Guiding Opinions of the State Council on Conducting Pilot Programme on Preference Shares, the Administrative Measures on the Pilot Scheme of Preference Shares</u>, the Rules of Procedures for the General Meetings of Listed Companies, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (the “Shanghai Listing Rules”), and the Articles of Association of Metallurgical Corporation of China Ltd. (the “Articles of Association”).</p>

No.	Contents of Original Document	Contents of Proposed Amendments
2	<p>Article 24 In any of the following circumstances, the Board of Directors shall hold an extraordinary meeting:</p> <p>(1) it is deemed necessary by the Chairman;</p> <p>(2) it is proposed by Shareholders representing more than one-tenth of the voting rights;</p> <p>.....</p>	<p>Article 24 In any of the following circumstances, the Board of Directors shall hold an extraordinary meeting:</p> <p>(1) it is deemed necessary by the Chairman;</p> <p>(2) it is proposed by Shareholders <u>(including ordinary Shareholders and preference Shareholders whose voting rights have been restored)</u> representing more than one-tenth of the voting rights;</p> <p>.....</p>

Note: Except for the above table, the serial numbers of other relevant provisions and the serial numbers quoting the preceding provisions in the Rules of Procedure for the Board Meetings are adjusted accordingly.

This English language version is provided for reference purposes only. In the event of any inconsistency between the English and the Chinese version, the Chinese version shall prevail.

No.	Contents of Original Document	Contents of Proposed Amendments
1	<p>Article 1 In a bid to regulate the management and utilization of proceeds by Metallurgical Corporation of China Ltd. (the “Company”) and protect the interests of investors, the Company formulated the System in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Administrative Measures for the Issuance of Securities by Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (the “Listing Rules”), the Regulations for the Management of Proceeds by Listed Companies on the Shanghai Stock Exchange (the “Regulations for the Management of Proceeds”), the Regulatory Requirements for the Management and Utilization of Proceeds by Listed Companies and other laws and regulations for listing within the PRC based on the actual circumstances of the Company.</p>	<p>Article 1 In a bid to regulate the management and utilization of proceeds by Metallurgical Corporation of China Ltd. (the “Company”) and protect the interests of investors, the Company formulated the System in accordance with the Company Law of the People’s Republic of China, the Securities Law of the People’s Republic of China, the Administrative Measures for the Issuance <u>and registration</u> of Securities by Listed Companies, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (the “Listing Rules”), the Regulations for the Management of Proceeds by Listed Companies on the Shanghai Stock Exchange (the “Regulations for the Management of Proceeds”), the Regulatory Requirements for the Management and Utilization of Proceeds by Listed Companies and other laws and regulations for listing within the PRC based on the actual circumstances of the Company.</p>

No.	Contents of Original Document	Contents of Proposed Amendments
2	<p>Article 2 For the purpose of the System, the term “proceeds” refers to the proceeds raised by the Company from investors through public issuance of securities (including the initial public issuance of stocks, rights issue, additional offering, issuance of convertible corporate bonds and issuance of detachable convertible corporate bonds) and non-public issuance of securities, excluding proceeds raised by the Company through the implementation of share incentive scheme.</p> <p>The Rules are only applicable to the management of proceeds raised from the public issuance of securities and non-public issuance of securities by the Company within the PRC. The Company’s management of the proceeds raised from the H share market shall be conducted under relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.</p>	<p>Article 2 For the purpose of the System, the term “proceeds” refers to the proceeds raised by the Company from investors through issuance of securities to unspecific subscribers (including the initial public issuance of stocks, rights issue, additional offering, issuance of convertible corporate bonds, issuance of detachable convertible corporate bonds and issuance of Preference Shares) and issuance of securities to specific subscribers (including issuance of ordinary Shares and Preference Shares to specific subscribers), excluding proceeds raised by the Company through the implementation of share incentive scheme.</p> <p>The Rules are only applicable to the management of proceeds raised from the issuance of securities to unspecific subscribers and issuance of securities to specific subscribers by the Company within the PRC. The Company’s management of the proceeds raised from the H share market shall be conducted under relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.</p>

Note: Except for the above table, the serial numbers of other relevant provisions and the serial numbers quoting the preceding provisions in the Management System of Proceeds from the Issue of A Shares are adjusted accordingly.

This English language version is provided for reference purposes only. In the event of any inconsistency between the English and the Chinese version, the Chinese version shall prevail.