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

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

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

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

**中國冶金科工股份有限公司**

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

(Stock Code: 1618)

**NOTICE OF 2011 ANNUAL GENERAL MEETING  
PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR  
THE YEAR ENDED 31 DECEMBER 2011  
PROPOSED APPOINTMENT OF THE DOMESTIC AUDITOR AND  
THE INTERNATIONAL AUDITOR OF THE COMPANY AND INTERNAL CONTROL  
AUDITING ADVISER FOR THE YEAR ENDING 31 DECEMBER 2012  
PROPOSED APPROVAL OF THE EMOLUMENTS OF THE DIRECTORS AND  
SUPERVISORS OF THE COMPANY FOR THE YEAR 2011  
PROPOSED RESOLUTION TO APPROVE THE PLAN OF THE COMPANY  
IN RESPECT OF ITS GUARANTEES FOR THE YEAR 2012  
PROPOSED APPROVAL OF LIABILITY INSURANCE FOR DIRECTORS,  
SUPERVISORS AND SENIOR MANAGEMENT  
PROPOSED CONTINUING CONNECTED TRANSACTIONS WITH WUSTEEL  
AND NEW ANNUAL CAPS FOR THE YEARS 2012-2014  
PROPOSED ISSUE OF SHORT-TERM FINANCING BILLS FOR THE YEAR 2012  
PROPOSED AMENDMENTS TO THE RULES OF  
PROCEDURES FOR BOARD MEETINGS  
AND  
PERFORMANCE REPORT BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

**Independent Financial Adviser to the Independent Board Committee  
and the Independent Shareholders**



**CIMB SECURITIES (HK) LIMITED**

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A letter from the board of directors of the Company is set out on pages 1 to 14 of this circular. A letter from the Independent Board Committee (as defined in this circular) is set out on pages 15 to 16 of this circular. A letter from CIMB Securities (HK) Limited setting out its advice and recommendation as the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders (as defined in this circular) are set out on pages 17 to 27 of this circular.

Notices convening the AGM (as defined in this circular) to be held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the PRC, on Friday, 15 June 2012 at 9:00 a.m., are set out on pages 47 to 58 of this circular. If you intend to appoint a proxy to attend the AGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for the holders of the H shares), not less than 24 hours before the time appointed for the holding of the AGM or any adjourned meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or at any adjourned meeting should you so wish.

24 April 2012

\* For identification purpose only

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## DEFINITIONS

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

“2011 Annual Report”	means the annual report of the Company for the year ended 31 December 2011;
“A Shareholders”	means holders of A Shares;
“A Shares”	means the Domestic Shares, with a nominal value of RMB1.00 each in the ordinary share capital of the Company, which are listed on the Shanghai Stock Exchange and traded in RMB;
“AGM”	means the annual general meeting of the Company to be convened and held at MCC Tower, No.28 Shuguang Xili, Chaoyang District, Beijing, 100028, the PRC, on Friday, 15 June 2012 at 9:00 a.m.;
“Articles of Associations”	means the articles of association of the Company;
“associates”	means companies or persons under the meaning ascribed to under the Hong Kong Listing Rules;
“Board”	means the board of directors of the Company;
“Company”	means Metallurgical Corporation of China Ltd.* (中國冶金科工股份有限公司), a joint stock limited company with limited liability incorporated under the laws of the PRC on 1 December 2008 and, except where the context otherwise requires, all of its Subsidiaries;
“connected person”	means companies or persons under the meaning ascribed to under the Hong Kong Listing Rules;
“Continuing Connected Transactions”	means the continuing connected transactions contemplated under (i) the Wusteel E&C Services Agreements; and (ii) the Wusteel Integrated Products Agreements;
“Director(s)”	means director(s) of the Company, including all executive, non-executive and independent non-executive directors;
“Domestic Shares”	means ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which have been subscribed for in RMB;

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## DEFINITIONS

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“Group”	means the Company and its subsidiaries;
“H Shares”	means overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and are listed on the Hong Kong Stock Exchange;
“H Shareholders”	means holders of the H Shares;
“Hong Kong”	means Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Listing Rules”	means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“Hong Kong Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Independent Board Committee”	means the independent committee of the Board for the purpose of advising the Independent Shareholders on the terms of the Continuing Connected Transactions set out in this circular, comprising Jiang Longsheng, Wen Keqin, Liu Li, Chen Yongkuan and Cheung Yukming, all of whom are independent non-executive Directors;
“Independent Financial Adviser”	means CIMB Securities (HK) Limited;
“Independent Shareholders”	means any shareholders of the Company who are not required to abstain from voting at a general meeting to approve a connected transaction, pursuant to the Hong Kong Listing Rules;
“Latest Practicable Date”	means 20 April 2012, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information referred to in this circular;
“Notice”	means the notice convening the AGM;
“Parent”	means China Metallurgical Group Corporation* (中國冶金科工集團有限公司), a state-owned enterprise incorporated under the laws of the PRC and the Company’s controlling shareholder;
“The Parent Group”	means collectively, the Parent and its Subsidiaries (excluding the Company and its Subsidiaries);

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## DEFINITIONS

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“PRC”	means the People’s Republic of China, but for the purposes of this circular only, excludes Hong Kong, Macau and Taiwan;
“Prospectus”	means the global offering prospectus of the Company dated 11 September 2009;
“Rules of Procedures of Board Meetings”	means the rules of procedures of Board meetings of the Company;
“RMB”	means Renminbi, the lawful currency of the PRC;
“SFO”	means the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong;
“Shareholders”	means shareholders of the Company;
“Shares”	means the share(s) of the Company with nominal value of RMB1.00 per share, which refer(s) to both the A Shares and the H Shares;
“Subsidiaries”	the wholly owned subsidiaries and non-wholly-owned subsidiaries of the Company;
“Supervisors”	means the supervisors of the Company;
“Supervisory Committee”	means the Supervisory Committee of the Company;
“WISDRI”	WISDRI Engineering & Research Incorporation Limited* (中冶南方工程技術有限公司), a subsidiary of the Company;
“Wusteel”	Wuhan Iron and Steel (Group) Corporation and its subsidiaries;
“Wusteel Engineering and Technology Group”	Wuhan Iron and Steel Engineering and Technology Group Limited Company, a wholly-owned subsidiary of Wuhan Iron and Steel (Group) Corporation;
“Wusteel E&C Services Agreements”	has the meaning ascribed to it in this circular; and
“Wusteel Integrated Products Agreements”	has the meaning ascribed to it in this circular.

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## LETTER FROM THE BOARD

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

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

(Stock Code: 1618)

*Board of Directors:*

Mr. Jing Tianliang *(Non-executive Director)*  
Mr. Wang Weimin *(Executive Director)*  
Mr. Shen Heting *(Executive Director)*  
Mr. Guo Wenqing *(Non-executive Director)*  
Mr. Jiang Longsheng *(Independent Non-executive Director)*  
Mr. Wen Keqin *(Independent Non-executive Director)*  
Mr. Liu Li *(Independent Non-executive Director)*  
Mr. Chen Yongkuan *(Independent Non-executive Director)*  
Mr. Cheung Yukming *(Independent Non-executive Director)*

*Registered Office:*

MCC Tower  
No.28 Shuguang Xili  
Chaoyang District  
Beijing, 100028  
PRC

*Principal place of business in China:*

MCC Tower  
No.28 Shuguang Xili  
Chaoyang District  
Beijing, 100028  
PRC

24 April 2012

*To the Shareholders*

Dear Sir or Madam,

**NOTICE OF 2011 ANNUAL GENERAL MEETING  
PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR  
THE YEAR ENDED 31 DECEMBER 2011  
PROPOSED APPOINTMENT OF THE DOMESTIC AUDITOR AND  
THE INTERNATIONAL AUDITOR OF THE COMPANY AND INTERNAL CONTROL  
AUDITING ADVISER FOR THE YEAR ENDING 31 DECEMBER 2012  
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PROPOSED AMENDMENTS TO THE RULES OF  
PROCEDURES FOR BOARD MEETINGS  
AND  
PERFORMANCE REPORT BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

The AGM will be held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the PRC, on Friday, 15 June 2012 at 9:00 a.m.. The Notice set out in this circular contain details of the resolutions to be proposed at the AGM. The proxy form and reply slip for the AGM are enclosed with this circular.

\* *for identification purpose only*

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## LETTER FROM THE BOARD

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**(1) PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR THE YEAR ENDED 31 DECEMBER 2011**

The Board does not recommend payment of final dividend for the year ended 31 December 2011. An ordinary resolution will be proposed for consideration and approval at the AGM.

**(2) PROPOSED APPOINTMENT OF DOMESTIC AND THE INTERNATIONAL AUDITOR OF THE COMPANY AND INTERNAL CONTROL AUDITING ADVISER FOR THE YEAR ENDED 31 DECEMBER 2012**

The Board proposed to appoint PricewaterhouseCoopers Certified Public Accountants and PricewaterhouseCoopers Zhong Tian CPAs Limited Company as the international auditor and the domestic auditor respectively of the Company and PricewaterhouseCoopers Zhong Tian CPAs Limited Company as the internal control auditing adviser for the year ending 31 December 2012. An ordinary resolution in respect of the appointment of international and domestic auditors and the internal control auditing adviser will be put forward at the AGM for consideration and approval.

**(3) PROPOSED APPROVAL OF THE EMOLUMENTS OF THE DIRECTORS AND SUPERVISORS OF THE COMPANY FOR THE YEAR 2011**

According to the relevant requirements of the Articles of Associations, as well as the service contracts entered into between the Company, the Directors and Supervisors, the emoluments for the Directors and Supervisors for the year ended 31 December 2011 are set out below:

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## LETTER FROM THE BOARD

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### Directors' and Supervisors' emoluments

Name	Basic salaries, housing allowances, other allowances and benefits-in-kind <i>RMB'000</i>	Contributions to pension plans <i>RMB'000</i>	Discretionary bonuses <i>RMB'000</i>	Total <i>RMB'000</i>
<b>Directors</b>				
Mr. Jing Tianliang	259	—	—	259
Mr. Wang Weimin	318	30	365	713
Mr. Shen Heting	318	30	365	713
Mr. Guo Wenqing	288	30	328	646
Mr. Jiang Longsheng	177	—	—	177
Mr. Wen Keqin	168	—	—	168
Mr. Liu Li	185	—	—	185
Mr. Chen Yongkuan	142	—	—	142
Mr. Cheung Yukming	146	—	—	146
<b>Supervisors</b>				
Mr. Han Changlin	288	30	328	646
Mr. Peng Haiqing	178	30	305	513
Mr. Shao Bo*	233	30	317	580

\* Mr. Shao Jinhui ceased to be a supervisor on 18 January 2011 and Mr. Shao Bo was appointed as a supervisor on 18 January 2011

The Board has approved the emoluments for the Directors and Supervisors and will propose an ordinary resolution to consider and approve the emoluments for the Directors and Supervisors for the year ended 31 December 2011 by the Shareholders at the AGM.

#### (4) PROPOSED RESOLUTION TO APPROVE THE PLAN OF THE COMPANY IN RESPECT OF ITS GUARANTEES FOR THE YEAR 2012

As approved by the 33rd meeting of the first session of the Board, the Company and its Subsidiaries expect to provide guarantees of up to RMB18.078 billion (or equivalent foreign currency, the same applies to the figures below), including new guarantees of RMB10.563 billion and renewal of expired guarantees of RMB7.515 billion. This was to ensure the normal production, operation and construction by securing sufficient financing for the Group by way of guarantees.



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## LETTER FROM THE BOARD

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**(i) The general guarantee plan for the Company and Subsidiaries for the year 2012**

The Company and Subsidiaries expect to provide guarantees of up to RMB16.868 billion (exclusive of the letters of credit provided by MCC Finance Corporation Ltd.), which includes:

- (a) guarantees to be provided by the Company for the Subsidiaries which are up to RMB7.611 billion, including renewal of expired guarantees of RMB3.5 billion; and
- (b) guarantees to be provided by the Subsidiaries for the Company and other Subsidiaries which are up to RMB9.257 billion, including renewal of expired guarantees of RMB4.015 billion.

Guarantees under the above guarantee plan include security, pledge, charge, lien and deposits as stipulated in the Security Law of the People's Republic of China in the form of general line of credit, loan, letter of credit, acceptance note and trade financing etc., and the period of the guarantee will depend on the financing needs of the guaranteed parties and be subject to the guarantee agreement.

**(ii) The letters of credit issued by MCC Finance Corporation Ltd.**

The letters of credit issued by MCC Finance Corporation Ltd., a subsidiary of the Company, for other Subsidiaries are expected to be in the aggregate amount of RMB1.21 billion for the year 2012.

**(iii) Term of the guarantee plan**

The above guarantee plan shall commence from the date on which approval is obtained at the AGM to the date of the next annual general meeting of the Company for the year ending 31 December 2012.

**(iv) Authorization to approve specific terms of guarantee under the guarantee plan**

The Board has resolved to seek a general authorization from the Shareholders at the AGM to authorize the office of the President of the Company to approve each guarantee within the amount of the guarantees under the above guarantee plan.

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## LETTER FROM THE BOARD

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A total of 47 guaranteed parties are involved in the guarantees under the said guarantee plan. Tangshan Zhongye Wancheng Real Estate Development Ltd., one of the Company's subsidiaries, is expected to provide guarantees of an amount of not greater than RMB842 million to the Company for the year 2012. Other than in respect of the said guarantee, the other guaranteed parties are either the Company's wholly-owned or non-wholly owned Subsidiaries, of which 12 Subsidiaries are in the second tier and 34 Subsidiaries are in the third tier or lower.

The Board has approved the above "Guarantee Plan of the Company for the year 2012" and will propose an ordinary resolution to the AGM for consideration and approval by the Shareholders accordingly.

Details of the above "Guarantee Plan of the Company for the year 2012" are set out in the overseas regulatory announcement on guarantee plan of the Company published on the Hong Kong Stock Exchange and the Company's website on 30 March 2012.

**(5) PROPOSED PURCHASE OF LIABILITY INSURANCE FOR THE DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

The Company intends to purchase a liability insurance policy for the Directors, Supervisors and senior management of the Company from Huatai Property Insurance Company Limited and from PICC Property and Casualty Company Limited, which will provide 75% and 25% of the coverage respectively. The period of the insurance is 12 months with the insured amount of RMB200 million, and the insurance fee is RMB264,000.

The Board has approved the liability insurance for the Directors, Supervisors and senior management of the Company, and will propose an ordinary resolution to the AGM for Shareholders' approval and also to authorize the Board to determine the specific terms of the liability insurance.

**(6) PROPOSED CONTINUING CONNECTED TRANSACTIONS WITH WUSTEEL AND NEW ANNUAL CAPS FOR THE YEARS 2012-2014**

Reference is made to the disclosure on continuing connected transactions and annual caps regarding transactions with Wusteel in the Prospectus and the announcement published by the Company on 29 March 2012 titled "New Annual Caps for Continuing Connected Transactions with Wusteel in respect of 2012 - 2014". However, pursuant to the relevant requirements of Rule 14A.31(9) revised on 3 June 2010 by the Hong Kong Stock Exchange, the Continuing Connected Transactions between Wusteel and the Group was exempt from complying with the requirements of reporting, announcement and obtaining the Independent Shareholders' approval under Chapter 14A of the Hong Kong Listing Rules. Thus, the Company was not subject to a new annual cap for such transactions with Wusteel in 2011.

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## LETTER FROM THE BOARD

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As Wusteel Engineering and Technology Group became a substantial shareholder of a subsidiary of the Company upon its capital contribution to WISDRI on 28 December 2011, Wusteel Engineering and Technology Group and its associates, including Wusteel, became connected persons of the Company, and the Company expects to continue the Continuing Connected Transactions with Wusteel. In accordance with the Hong Kong Listing Rules, the Company has to comply with the requirements of Chapter 14A of the Hong Kong Listing Rules in relation to the Continuing Connected Transactions, including, in respect of the non-exempt Continuing Connected Transactions, obtaining the Independent Shareholders' approval.

(i) **Provision of integrated products by Wusteel to the Group**

*Background and reasons for, and benefits of, entering into the transactions*

In the ordinary and usual course of business, the Group has been and will be purchasing integrated products from Wusteel (the “**Wusteel Integrated Products**”) on the basis of actual needs for the Group's engineering and construction business. The Wusteel Integrated Products mainly include steel.

Wusteel is one of the leading manufacturers of steel products in the PRC. The Company believes that it is in the interests of the Group to procure the Wusteel Integrated Products from Wusteel, on terms acceptable to the Group for the Group's engineering and construction projects.

*Principal terms of the transactions*

The Group has been and will be entering into written agreements with Wusteel and/or its associates in respect of each individual connected transaction between them in relation to the procurement of the Wusteel Integrated Products (the “**Wusteel Integrated Products Agreements**”). The procurement of the Wusteel Integrated Products is made pursuant to the Group's internal procurement procedure for engineering and construction projects. In a majority of cases, the owner of the premises stipulates in the agreements or tender documents on the selection and price of steel (e.g. that all other things being equal, the Group shall use steel products produced by the owner of the premises) in which case such provisions shall apply. In other cases, the Group generally purchases steel products from third party suppliers, who source steel products from a variety of producers (which may include Wusteel Integrated Products). The Company's subsidiaries have each set up a construction procurement department to monitor the process of procurement. The Company's subsidiaries have also each set up a procurement team to implement the procurement procedure. The amounts payable in respect of the Wusteel Integrated Products have been and will be determined based on market price. Such market price is defined by reference to the price at which the same or similar type of products is provided by independent third parties in the ordinary course of business. The Company confirms that the transactions contemplated under the Wusteel Integrated Products Agreements are carried out on normal commercial terms after arm's length negotiation.

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## LETTER FROM THE BOARD

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### *Historical figures and proposed new annual caps*

For the years ended 31 December 2008 and 31 December 2009, the Group's expenditure for the provision of Wusteel Integrated Products by Wusteel was approximately RMB6.0 million and RMB103 million, respectively.

Due to the revision to Rule 14A.31(9) mentioned above, the auditors of the Group did not conduct any audit on the financial information on the Group's expenditure for the provision of Wusteel Integrated Products by Wusteel for the years ended 31 December 2010 and 31 December 2011. Based on the unaudited financial information of the Group, for the years ended 31 December 2010 and 31 December 2011, the Group's expenditure for the provision of Wusteel Integrated Products by Wusteel was approximately RMB178 million and RMB367 million, respectively.

Based on the current financial information of the Company, certain applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) in respect of the provision of the Wusteel Integrated Products by Wusteel (including any of its successors) to the Group are expected to be greater than 5% for the two years ending 31 December 2013 and 31 December 2014. Therefore, the Company is required to comply with Rule 14A.48 of the Hong Kong Listing Rules and seek the approval by the Independent Shareholders.

The annual caps for the transactions with respect to the provision of Wusteel Integrated Products by Wusteel (including any of its successors) to the Group for the years ending 31 December 2012, 31 December 2013 and 31 December 2014 (assuming that the transactions between the Group and Wusteel will continue until the end of the 2014) are RMB1,300 million, RMB1,500 million and RMB1,500 million, respectively. The above annual caps have been determined by reference to the following factors: (i) the audited historical figures in relation to the provision of Wusteel Integrated Products by Wusteel to the Group for the two years ended 31 December 2009; (ii) the demand for Wusteel Integrated Products from the Group on Wusteel (including any of its successors) and expected price range for the provision of Wusteel Integrated Products by Wusteel (including any of its successors) to the Group for the three years ending 31 December 2014; and (iii) the relevant industry policies and the Group's future business development plan. Specifically, the annual caps have been determined by reference to (i) the Group's estimated additional demand for the Wusteel Integrated Products, based on the Group's existing and potential engineering and construction service agreements which are valid in the coming three years and the Group's preliminary communications with steel mills; and (ii) the Group's estimated additional demand for the Wusteel Integrated Products to cater for the expected accelerating implementation of the steel project of Wusteel located at Fang Cheng Gang, Guangxi, the PRC (the "**Fang Cheng Gang Project**") and the promotion of the merger and integration of Wusteel with steel mills located in Yunnan and Guangxi provinces, the PRC (the "**Wusteel Merger and Integration**") over the period of the 12th Five-Year Development Plan for the Steel Industry of the PRC issued by the Ministry of Industry and Information Technology of the PRC in October 2011.

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## LETTER FROM THE BOARD

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### (ii) Supply of services by the Group to Wusteel

#### *Background and reasons for, and benefits of, entering into the transactions*

In the ordinary and usual course of business, the Group has been and will be providing certain engineering and construction services to Wusteel from time to time. The engineering and construction services include research, planning, surveying, consulting, design, procurement, construction, installation, maintenance, supervision and certain technical services (“**Wusteel E&C Services**”). Wusteel, one of the leading steel products manufacturers in the PRC, has stable and continuing demand for those engineering and construction services.

#### *Principal terms of the transactions*

The Group has been and will be entering into written agreements with Wusteel and/or its associates in respect of each individual connected transaction between them in relation to the provision of the Wusteel E&C Services on winning a project contract, or on normal commercial terms after arm’s length negotiation, where no tendering process is required to be adopted (the “**Wusteel E&C Services Agreements**”). The Wusteel E&C Services for particular projects are undertaken by the Group pursuant to an engineering and construction contract. The contracts for the provision of the Wusteel E&C Services are mainly awarded through public tendering process required under PRC law or through arm’s length negotiation, and such contracts should be implemented on market terms. For the three years ended 31 December 2011, more than 90% of the Wusteel E&C Services Agreements were awarded by way of tender. The terms of the transactions for the Wusteel E&C Services generally involve the agreement by the Group to a total price cap or a unit price cap for a project. Some contracts contain price adjustment clauses to cover increases in the costs of raw materials, changes in design or work scope, or other specific factors that would cause an interruption of construction and an increase in the cost, such as shortage of water or electricity. The transactions in relation to the provision of the Wusteel E&C Services based on the terms disclosed in this circular are part of the Group’s core business. The Group believes that the provision of such services is in the interests of the Group, and are on normal commercial terms after arm’s length negotiation.

#### *Historical figures and proposed new annual caps*

For the years ended 31 December 2008 and 31 December 2009, the Group’s revenue from the provision of Wusteel E&C Services was approximately RMB1,246 million and RMB2,353 million, respectively.

Due to the revision to Rule 14A.31(9) mentioned above, the auditors of the Group did not conduct any audit on the financial information on the Group’s revenue from the provision of Wusteel E&C Services for the years ended 31 December 2010 and 31 December 2011. Based on the unaudited financial information of the Group, for the years ended 31 December 2010 and 31 December 2011, the Group’s revenue from the provision of Wusteel E&C Services was approximately RMB2,317 million and RMB2,572 million, respectively.

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## LETTER FROM THE BOARD

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Based on the current financial information of the Company, certain applicable percentage ratios (as defined in Rule 14.07 of the Hong Kong Listing Rules) in respect of the provision of Wusteel E&C Services to Wusteel (including any of its successors) are expected to be greater than 5% for each of the years ending 31 December 2012, 31 December 2013 and 31 December 2014. Therefore, the Company is required to seek Independent Shareholders' approval pursuant to the Rule 14A.48 of the Hong Kong Listing Rules.

The proposed new annual caps for the transactions with respect to the provision of Wusteel E&C Services by the Group to Wusteel (including any of its successors) for the years ending 31 December 2012, 31 December 2013 and 31 December 2014 (assuming that the transactions between the Group and Wusteel will continue until the end of 2014) are RMB4,200 million, RMB5,100 million and RMB5,000 million, respectively. The above annual caps have been determined by reference to the following factors: (i) the audited historical figures in relation to the provision of Wusteel E&C Services by the Group to Wusteel (including any of its successor) for the two years ended 31 December 2009; (ii) the scope of, and the expected price range for, the provision of Wusteel E&C Services by the Group to Wusteel (including any of its successor) for the three years ending 31 December 2014; and (iii) the relevant industry policies and the expected demand for Wusteel E&C Services, which includes the additional demand from Wusteel for the Wusteel E&C Services arising from the above mentioned Fang Cheng Gang Project and the Wusteel Merger and Integration in the coming three years.

**(iii) Relationship between the Company and Wusteel**

As at the Latest Practicable Date, Wusteel Engineering and Technology Group has approximately 11.191% equity interests in WISDRI, which is a non-wholly owned subsidiary of the Company. Wusteel Engineering and Technology Group is therefore a substantial shareholder of WISDRI. As such, Wusteel Engineering and Technology Group and its associates, including Wusteel, constitute connected persons of the Company and the Continuing Connected Transactions between Wusteel and the Group constitute non-exempt Continuing Connected Transactions under the Hong Kong Listing Rules.

**(iv) Principal Business Activities of the Company and Wusteel**

The Company is a large industrial group operating in various specialised fields, across different industries and in many countries, with engineering and construction, equipment manufacturing, resources development and property development as its principal business. The Company has core competency in innovation and industrialisation of technology and strong construction capabilities in metallurgical engineering.

Wusteel is among leading domestic manufacturers of steel products.

(v) **Hong Kong Listing Rules Implications**

As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Hong Kong Listing Rules) with respect to the Continuing Connected Transactions under the Wusteel Integrated Products Agreements and Wusteel E&C Services Agreements are expected to exceed 5%, such Continuing Connected Transactions constitute non-exempt Continuing Connected Transactions under Chapter 14A of the Hong Kong Listing Rules, and are subject to the reporting and announcement requirements under Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules, the annual review requirements set out in Rules 14A.37 to 14A.40 of the Hong Kong Listing Rules, the requirements set out in Rules 14A.35(1) and 14A.35(2) of the Hong Kong Listing Rules and the approval of the Independent Shareholders by way of poll at a general meeting under Rule 14A.48 of the Hong Kong Listing Rules. Pursuant to the Hong Kong Listing Rules, any Shareholder that has a material interest in the Continuing Connected Transactions (i.e. Wusteel and its associates) will abstain from voting on this resolution. Having made all reasonable enquiries and to the best knowledge of the Company, Wusteel and its associates are not interested in any Shares.

There is no framework agreement between the Company and Wusteel. The Company intends during the term of the Continuing Connected Transactions to continue to comply with the terms as disclosed in the relevant part of the Prospectus relating to such transactions, in the announcement published by the Company on 29 March 2012 titled “New Annual Caps for Continuing Connected Transactions with Wusteel in respect of 2012 – 2014” and in this circular. On the above basis, the Company applied for, and was granted, a waiver by the Hong Kong Stock Exchange from compliance with the requirement under Rule 14A.35(1) of the Hong Kong Listing Rules as the Company would not have entered into any written agreement with Wusteel on the Continuing Connected Transactions when seeking the Independent Shareholders’ approval for such transactions at the AGM.

If the Company, during the period ending 31 December 2014, is to enter into a continuing connected transaction with Wusteel which is not otherwise fully-exempted under the Hong Kong Listing Rules and the terms of which fall outside the terms disclosed in the above disclosures, the Company will comply with the reporting and announcement requirements described in Rule 14A.45 to 14A.47 of the Hong Kong Listing Rules, the annual review requirements under Rules 14A.37 to 14A.40 of the Hong Kong Listing Rules and, if required, seek Independent Shareholders’ approval pursuant to Rule 14A.48 of the Hong Kong Listing Rules.

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## LETTER FROM THE BOARD

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### (vi) General

The Board (including independent non-executive Directors) believes that: (i) the Continuing Connected Transactions under the Wusteel Integrated Products Agreements and the Wusteel E&C Services Agreements are entered into in the ordinary and usual course of business of the Company and on normal commercial terms, are fair and reasonable and in the interests of the Shareholders of the Company as a whole; and (ii) the proposed new annual caps in respect of the Continuing Connected Transactions are fair and reasonable. None of the Directors have a material interest in the transaction.

The full text of Letter from Independent Financial Adviser which contains its recommendations in respect of the Continuing Connected Transactions is set out in pages 17 to 27 of this circular. The Independent Board Committee, after considering the approving the recommendations of the Independent Financial Adviser as set out in pages 17 to 27 of this circular, consider the terms of the Continuing Connected Transactions and the proposed annual caps to be fair and reasonable, and in the interests of the Company and Shareholders as a whole.

### (7) PROPOSED ISSUE OF SHORT-TERM FINANCING BILLS

At the AGM, the Board will put forth a special resolution to consider and approve the proposal to issue short-term financing bills, the particulars of which are set out below:

- (i) Principal amount: to apply for registration with National Association of Financial Market Institutional Investors in four tranches for an amount of RMB18.4 billion in total and each tranche shall not exceed RMB5 billion
- (ii) Maturity: one year
- (iii) Interest rate: to float above the valuation results as published in that week

### (8) PROPOSED AMENDMENTS TO THE RULES OF PROCEDURES FOR BOARD MEETINGS

At the AGM, it will also be proposed, by way of special resolution (resolution no.12 in the Notice), that (i) articles 16, 17, 18 and 27 of the Rules of Procedures for the Board Meetings be amended; and (ii) new article 6 be inserted to reflect the amendment of Hong Kong Listing Rules and to strengthen the internal control of the Company. Details of the proposed amendments are set out in Appendix III of this circular.



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## LETTER FROM THE BOARD

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### **(9) PERFORMANCE REPORT BY THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

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

### **THE AGM**

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

- by way of ordinary resolutions:
  - (i) the report of the Board for the year ended 31 December 2011;
  - (ii) the report of the Supervisory Committee for the year ended 31 December 2011;
  - (iii) the report of the international auditors and audited financial statements of the Company for the year ended 31 December 2011;
  - (iv) the profit distribution plan for the year ended 31 December 2011;
  - (v) proposed appointment of the international and domestic auditor of the Company and internal control auditing adviser of the Company;
  - (vi) proposed emoluments of the Directors and Supervisors for the year 2011;
  - (vii) proposed approval of the provision of guarantees by the Company and its Subsidiaries;
  - (viii) proposed approval to purchase liability insurance for the Directors, Supervisors and senior management of the Company; and
  - (ix) proposed Continuing Connected Transactions and the annual caps for the years 2012-2014.

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## LETTER FROM THE BOARD

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- by way of special resolutions:
  - (x) the proposed issue of short-term financing bills; and
  - (xi) the proposed amendments to the Rules of Procedure of the Board Meetings.

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

In order to ascertain the Shareholders who will be qualified to attend and vote at the AGM, the H Shares register of members of the Company will be closed from Wednesday, 16 May 2012 to Friday, 15 June 2012, both days inclusive. All completed transfer documents together with the relevant share certificate(s) must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 15 May 2012 for registration. Details of the AGM are set out in the Notice of the AGM dated 24 April 2012.

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

For information purpose only, Shareholders who intend to attend the AGM in person or by proxy shall return the reply slip to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before Saturday, 26 May 2012 by hand, by post or by fax.

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

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

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## LETTER FROM THE BOARD

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### RECOMMENDATIONS

Recommendation of the Independent Board Committee and the Independent Financial Adviser in respect of the Continuing Connected Transactions

An Independent Board Committee has been formed to advise the Independent Shareholders in connection with the terms of, and the new annual caps for, the Continuing Connected Transactions. CIMB Securities (HK) Limited (“**CIMB**”) has been appointed as an independent financial adviser to advise the Independent Board Committee and the Independent Shareholders on the same.

CIMB considers that (i) the Continuing Connected Transactions are in the ordinary and usual course of business of the Group and the terms in relation thereto are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and hence the Continuing Connected Transactions are in the interests of the Group and the Shareholders as a whole; and (ii) the proposed annual caps in respect of the Wusteel E&C Services and the Wusteel Integrated Products Agreements for each of the three years ending 2014 are fair and reasonable so far as the Company and the Independent Shareholders are concerned. The text of the letter of advice from the Independent Financial Adviser containing its recommendation in respect of the Continuing Connected Transactions and the proposed new annual caps is set out on pages 17 to 27 of this circular.

The Independent Board Committee, having taken into account and based on the recommendation of the Independent Financial Adviser as set out on pages 17 to 27 of this circular, considers that the terms of, and the proposed new annual caps for, the Continuing Connected Transactions are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Independent Board Committee recommends the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the AGM to approve the entering into of, and the new caps for, the Continuing Connected Transactions.

### GENERAL RECOMMENDATIONS

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

Yours faithfully

By order of the Board

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

**Jing Tianliang**

*Chairman and non-executive Director*

24 April 2012

\* *for identification purpose only*

*The following is the letter of advice from the Independent Board Committee to the Independent Shareholders in respect of the terms of the Continuing Connected Transactions and the proposed new annual caps thereof, which has been prepared for the purpose of inclusion in 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)

To the Independent Shareholders

24 April 2012

## **CONTINUING CONNECTED TRANSACTIONS AND THE PROPOSED NEW ANNUAL CAPS THEREOF**

### **INTRODUCTION**

We refer to the circular of the Company dated 24 April 2011 (the “**Circular**”) of which this letter forms part. Terms used in this letter shall have the same meaning as defined in the Circular unless the context otherwise requires.

We have been appointed by the Board to consider and advise you whether the terms of the Continuing Connected Transactions and the proposed new annual caps thereof are fair and reasonable and in the interests of the Company and the Shareholders as a whole. CIMB Securities (HK) Limited (“**CIMB**”) has been appointed as the Independent Financial Adviser to advise us and the Independent Shareholders in this regard.

We wish to draw your attention to the letter from the Board set out on pages 1 to 14 of the Circular, which contains, inter alia, the information of the terms of the Continuing Connected Transactions and the proposed new annual caps thereof, and the letter from CIMB as set out on pages 17 to 27 of the Circular, which contains, inter alia, its advice and recommendation regarding the terms of the Continuing Connected Transactions and the proposed annual caps of these transactions.

\* *for identification purpose only*

**RECOMMENDATION**

Having taking into account the advice and recommendation of CIMB, we are of the view that the terms of the Continuing Connected Transactions and the proposed annual caps thereof, are fair and reasonable and in the interests of the Company and its Shareholders as a whole. We therefore recommend that the Independent Shareholders vote in favour of the ordinary resolution to be proposed at the AGM to approve the Continuing Connected Transactions and the proposed new annual caps thereof.

Yours faithfully,

For and on behalf of  
Independent Board Committee

**Jiang Longsheng**

**Wen Keqin**

**Liu Li**

**Chen Yongkuan**

**Cheung Yukming**

*Independent non-executive Directors*



Units 7706-08, Level 77  
International Commerce Centre  
1 Austin Road West  
Kowloon, Hong Kong

24 April 2012

*To the Independent Board Committee and the Independent Shareholders of  
Metallurgical Corporation of China Ltd.*

Dear Sirs,

**PROPOSED CONTINUING CONNECTED  
TRANSACTIONS WITH WUSTEEL  
AND NEW ANNUAL CAPS FOR THE YEARS 2012-2014**

**INTRODUCTION**

We refer to our engagement as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to (i) the terms of each of the Continuing Connected Transactions, namely (a) provision of the Wusteel Integrated Products (which mainly include steel) by Wusteel (including any of its successors, collectively “**Wusteel**”) to the Group as contemplated under the Wusteel Integrated Products Agreements; and (b) provision of the Wusteel E&C Services (which include research, planning, surveying, consulting, design, procurement, construction, installation, maintenance, supervision and certain technical services) by the Group to Wusteel as contemplated under the Wusteel E&C Services Agreements; and (ii) the respective proposed annual caps (the “**Proposed Caps**”) for the transactions in relation to the provision of the Wusteel Integrated Products by Wusteel to the Group and the provision of the Wusteel E&C Services by the Group to Wusteel for each of the three years ending 31 December 2014, details of which are contained in a circular of the Company (the “**Circular**”) to the Shareholders dated 24 April 2012, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

As stated in the announcement of the Company dated 29 March 2012, the Company expects to continue the transactions with Wusteel in relation to the Wusteel Integrated Products Agreements and the Wusteel E&C Services Agreements respectively (which constitute non-exempt continuing connected transactions of the Company as analysed below) after the expiry of the relevant waivers granted by the Hong Kong Stock Exchange on 31 December 2011 and the Company will have to comply with Chapter 14A of the Hong Kong Listing Rules in respect of such Continuing Connected Transactions, including among others obtaining the Independent Shareholders’ approval thereon. And hence, the Company announced on 29 March 2012 the terms of, and the Proposed Caps for, the Continuing Connected Transactions.

As at the Latest Practicable Date, Wusteel Engineering and Technology Group has approximately 11.191% equity interest in WISDRI, which is a non-wholly owned subsidiary of the Company and thus Wusteel Engineering and Technology Group is a connected person of the Company under the Hong Kong Listing Rules. Given that Wuhan Iron and Steel (Group) Corporation is the holding company of Wusteel Engineering and Technology Group, Wusteel (being Wuhan Iron and Steel (Group) Corporation and its subsidiaries) are associates (as defined under the Hong Kong Listing Rules) of Wusteel Engineering and Technology Group and thus connected persons of the Company under the Hong Kong Listing Rules and the continuing transactions between the Group and Wusteel constitute continuing connected transactions under the Hong Kong Listing Rules.

As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Hong Kong Listing Rules) with respect to the Continuing Connected Transactions are expected to exceed 5%, the Continuing Connected Transactions constitute non-exempt continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules, and are subject to the reporting and announcement requirements and the approval of the Independent Shareholders under the Hong Kong Listing Rules.

An independent board committee comprising Mr. Jiang Longsheng, Mr. Wen Keqin, Mr. Liu Li, Mr. Chen Yongkuan and Mr. Cheung Yukming, being the independent non-executive Directors, has been formed to advise the Independent Shareholders in relation to (i) the Continuing Connected Transactions; and (ii) the Proposed Caps.

### **BASIS OF OUR OPINION**

In formulating our recommendation, we consider that we have reviewed sufficient and relevant information and documents and have taken reasonable steps as required under Rule 13.80 of the Hong Kong Listing Rules including the notes thereto to reach an informed view and to provide a reasonable basis for our recommendation. We have relied on the information and facts contained or referred to in the Circular, the information provided by the Company and our review of the relevant public information. We have also assumed that the information, facts and representations contained or referred to in the Circular were true and accurate at the time they were made and up to the date of the AGM. We have not, however, conducted an independent verification of the information nor have we conducted any form of in-depth investigation into the businesses and affairs or the prospects of the Company, Wusteel, or any of their respective subsidiaries (as defined under the Hong Kong Listing Rules) or associates (as defined under the Hong Kong Listing Rules). We have no reason to doubt the truth, accuracy and completeness of the information, facts and representations provided and represented to us by the Company. We have also been advised by the Company and believe that no material facts have been omitted from the Circular.

## PRINCIPAL FACTORS CONSIDERED

In arriving at our opinion, we have considered the following principal factors and reasons:

### 1. Background and reasons for entering into the Continuing Connected Transactions

The Group is a large industrial group operating in various specialised fields, across different industries and in many countries, with engineering and construction, equipment manufacturing, resources development and property development as its principal businesses. The Company has core competency in innovation and industrialisation of technology and strong construction capabilities in metallurgical engineering.

As noted from the Prospectus, the Hong Kong Stock Exchange granted the Company certain waivers from compliance with the announcement and/or independent shareholders' approval requirements (where applicable) under Rule 14A.42(3) of the Hong Kong Listing Rules in respect of the existing continuing connected transactions between the Group and Wusteel for a period from 24 September 2009 (being the date on which the H Shares commenced trading on the Hong Kong Stock Exchange) to 31 December 2011.

As advised by the Company, the Group has purchased from Wusteel the Wusteel Integrated Products on the basis of actual needs for the Group's engineering and construction business, and provided Wusteel the Wusteel E&C Services from time to time in the ordinary and usual course of business of the Group. Such transactions will continue after the expiry of the aforesaid waivers on 31 December 2011 and the Company will have to comply with Chapter 14A of the Hong Kong Listing Rules in respect of the Continuing Connected Transactions, including among others, obtaining Independent Shareholders' approval thereon.

As stated in the letter from the Board of the Circular (the "**Letter from the Board**"), Wusteel are among the leading domestic manufacturers of steel products and the Company believes that it is in the interests of the Group to procure the Wusteel Integrated Products from Wusteel on terms acceptable to the Group for the Group's engineering and construction projects. Additionally, Wusteel has stable and continuing demand for engineering and construction services and thus the Company considers that the provision of the Wusteel E&C Services by the Group, which constitute part of the Group's core business, to Wusteel would benefit the Group by contributing to its revenue.

Given the nature of the Continuing Connected Transactions and the principal business of the Group as stated above, we concur with the view of the management of the Company that the entering into of the Continuing Connected Transactions between the Group and Wusteel falls within the ordinary and usual course of business of the Group and is in the interests of the Group and the Shareholders as a whole.



**2. Major terms of the Continuing Connected Transactions****(i) *Provision of the Wusteel Integrated Products by Wusteel to the Group***

As stated in the Letter from the Board, the Group will enter into written agreements with Wusteel and/or its associates in respect of each individual connected transaction between them in relation to the procurement of the Wusteel Integrated Products. As advised by the Company, the procurement of the Wusteel Integrated Products will be conducted pursuant to the Group's internal procurement procedure for engineering and construction projects and each subsidiary of the Company has set up a construction procurement department to monitor the process of procurement and set up a procurement team to implement the procurement procedure. The Company also confirms that the transactions contemplated under the Wusteel Integrated Products Agreements shall be carried out on normal commercial terms after arm's length negotiation.

***Price determination mechanism***

As disclosed in the Prospectus and the Letter from the Board, the purchase prices payable in respect of the Wusteel Integrated Products will be determined based on market price, which is determined by reference to the price at which the same or similar type of products is provided by independent third parties.

We have reviewed the sales invoices provided by the Company in relation to provision of the Wusteel Integrated Products by Wusteel to the Group on a sample basis and the then market prices sourced from the website ([www.mysteel.com](http://www.mysteel.com)) and noted that the prices charged by Wusteel to the Group were comparable to the then market prices.

Given the above, we concur with the view of the management of the Company that the terms of the Wusteel Integrated Products Agreements are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

**(ii) *Supply of the Wusteel E&C Services by the Group to Wusteel***

As stated in the Letter from the Board, the Group will undertake the Wusteel E&C Services for particular projects pursuant to relevant written engineering and construction contracts with Wusteel and/or its associates. Such contracts are mainly awarded through public tendering process as required under the PRC laws or through after arm's length negotiation (where no tendering process is required to be adopted), and the terms of such contracts shall be based on market terms. As stated in the Letter from the Board, more than 90% of the Wusteel E&C Services Agreements were awarded by way of tender during the three years ended 31 December 2011.

The written contracts in respect of the Wusteel E&C Services generally involve a total price cap or a unit price cap for a project agreed by the Group and some contracts contain price adjustment clauses to cover increases in the costs of raw materials, changes in design or work scope, or other specific factors that would cause an interruption of construction and an increase in the cost, such as shortage of water or electricity. The Group believes that such services are provided on normal commercial terms after arm's length negotiation.

*Price determination mechanism*

As disclosed in the Prospectus and as advised by the Company, the fees payable by Wusteel in respect of the Wusteel E&C Services shall be determined (i) through the tender and bidding process if the selection of the relevant service providers has to be determined through a tender and bidding process according to the relevant PRC laws and regulations; or (ii) where a tender and bidding process is not required, with reference to the prevailing market prices of labour, materials, equipment and other things and taking into account the complexity of projects contracted for as well.

As advised by the Company, (i) where a tender and bidding process is required, when any member of Wusteel issues a call for tender in relation to the relevant engineering and construction service, potential bidders (including the Company (or its subsidiaries) where applicable) shall go through a pre-qualification process, estimate the cost of the project and deliver bidding documents, and the bidder with the best quotation would win the project; and (ii) where a tender and bidding process is not required, the service fee charged by the Group for provision of the Wusteel E&C Services usually depends on factors including, among others, complexity of the project and the prevailing market prices of labour, materials and equipment used in the relevant engineering and construction services. The Company also advised that the above price determination mechanism is an industry norm for provision of similar engineering and construction services in the PRC.

We also understand from the Company that the scope of the Wusteel E&C Services is comprehensive and customer oriented and thus there is no engineering and construction services contracts which are the same or similar available to us for direct comparison purpose. As an alternative, we have reviewed the information provided by the Company in relation to the margins of the historical engineering and construction services provided by the Group to Wusteel and to independent third parties of the Company on a sample basis and the service contracts thereunder and noted that the margins were comparable.

Given the above, we concur with the view of the management of the Company that the terms of the Wusteel E&C Services Agreements are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and in the interests of the Group and the Shareholders as a whole.

### 3. Proposed Caps

Set out below are the details of (i) the historical transaction amounts in relation to provision of the Wusteel Integrated Products by Wusteel and provision of the Wusteel E&C Services by the Group for each of the three years ended 31 December 2011; and (ii) the Proposed Caps for each of the three years ending 31 December 2014:

Category	Historical transaction amounts			Proposed Caps		
	for the year ended 31 December			for the year ending 31 December		
	2009	2010	2011	2012	2013	2014
	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>	<i>RMB' million</i>
(Audited)	(Unaudited)	(Unaudited)				
Provision of the Wusteel Integrated						
Products by Wusteel to the Group	103	178	367	1,300	1,500	1,500
Provision of the Wusteel E&C Services						
by the Group to Wusteel	2,353	2,317	2,572	4,200	5,100	5,000

Details of the basis of the determination and the analysis of the Proposed Caps are set out below.

(i) ***Proposed annual caps for the continuing connected transactions with respect to the provision of the Wusteel Integrated Products (the “Wusteel Products Caps”)***

As illustrated above, the Wusteel Products Caps for each of the three years ending 31 December 2014 represent a significant increase as compared with the historical transaction amounts in respect of provision of the Wusteel Integrated Products for each of the three years ended 31 December 2011.

As stated in the Letter from the Board, the Wusteel Products Caps have been determined by reference to the following factors: (i) the audited historical figures in relation to the provision of the Wusteel Integrated Products by Wusteel to the Group for the two years ended 31 December 2009; (ii) the demand for the Wusteel Integrated Products from the Group and the expected price range for the provision of the Wusteel Integrated Products by Wusteel to the Group for the three years ending 31 December 2014; and (iii) the relevant industry policies and the Group’s future business development plan.

In assessing the reasonableness of the Wusteel Products Caps, we have reviewed, and discussed with the management of the Company about, the cap calculation and understand that the Wusteel Products Caps are compiled based on the estimated demand for the Wusteel Integrated Products by each group member of the Company, which in turn is determined based on each group member's business plan in the coming three years after taking into account the following principal factors: (i) the historical transaction amounts in connection with the provision of the Wusteel Integrated Products by Wusteel to the Group in the past three years; (ii) the Group's estimated demand for the Wusteel Integrated Products in anticipation of its business development over the period of the coming three years mainly based on the Group's engineering and construction services contracts in hand which are valid in the coming three years and the potential new services contracts to be entered into in the coming three years based on the Group's preliminary communications with steel mills; (iii) the Group's estimated additional demand for the Wusteel Integrated Products to cater for the anticipated increase in provision of the Wusteel E&C Services by the Group to Wusteel given the expected accelerating implementation of Wusteel's Fang Cheng Gang Project (as elaborated below) and the Wusteel Merger and Integration (as elaborated below) over the period of 鋼鐵工業“十二五”發展規劃 (translated as 12th Five-Year Development Plan for the Steel Industry of the PRC, the “**Steel 12th Five-Year Plan**” and issued by the Ministry of Industry and Information Technology of the PRC in October 2011); and (iv) a buffer to cater for the possible fluctuation in prices of and demands for the Wusteel Integrated Products in the coming three years. As advised by the Company, such buffer is made after taking into account the historical fluctuation in prices of steel products and the possible increase in demand for subject products caused by various factors such as ad hoc projects and changes in business plan of individual members of the Group.

The Company further advised that the Group's metallurgical engineering and construction business is generally subject to, among others, the economic development of the PRC (which generally stimulates the investment in the iron and steel industry) and the macro steel industry environment, in particular, the industry policies. According to statistical communique of the PRC on the 2011 national economic and social development issued by National Bureau of Statistics of China in February 2012 and China Statistics Yearbook (2008), total fixed asset investment in the smelting and pressing of ferrous metals and non-ferrous metals of the country amounted to approximately RMB386 billion and RMB386.1 billion respectively in 2011, representing a year-on-year growth of approximately 14.6% and 36.4% respectively and a compound annual growth rate of approximately 6.0% and 27.7% respectively as compared to 2008. We have also reviewed the Steel 12th Five-Year Plan issued in October 2011 and noted that over the period of the Steel 12th Five-Year Plan, the steel consumption of the PRC is expected to increase due to implementation of large-scale projects in relation to, among others, affordable housing

projects, hydraulic engineering projects and transportation infrastructure construction with the further industrialisation and urbanisation of the country. The Steel 12th Five-Year Plan has also provided specifically (i) to optimize the industry's geographical distribution (in particular, to implement the steel project of Wusteel located at Fang Cheng Gang, Guangxi, the PRC (the "**Fang Cheng Gang Project**") and to relocate urban steel mills to reduce pollution; (ii) to promote the industry's merger and integration to increase industry concentration (in particular, to promote the merger and integration of Wusteel with steel mills located in Yunnan and Guangxi provinces, the PRC (the "**Wusteel Merger and Integration**")); and (iii) to upgrade the industry's technology (in particular, encouraging development and application of new steel manufacturing techniques and upgrading steel manufacturing equipment and facilities). The Directors consider the above-mentioned factors represent opportunities for the Group's business development in the coming three years.

Given the above, we are of the view that the Wusteel Products Caps for each of the three years ending 31 December 2014 are fair and reasonable.

*(ii) Proposed annual caps for the continuing connected transactions with respect to the provision of the Wusteel E&C Services (the "Wusteel Services Caps")*

As illustrated above, the Wusteel Services Caps for each of the three years ending 31 December 2014 represent a significant increment as compared with the historical transaction amount in respect of provision of the Wusteel E&C Services for each of the three years ended 31 December 2011.

As stated in the Letter from the Board, the Wusteel Services Caps have been determined by reference to the following factors: (i) the audited historical figures in relation to the provision of the Wusteel E&C Services by the Group to Wusteel for the two years ended 31 December 2009; (ii) the scope of, and the expected price range for, the provision of the Wusteel E&C Services by the Group to Wusteel for the three years ending 31 December 2014; and (iii) the relevant industry policies and the expected demand for the Wusteel E&C Services.

In assessing the reasonableness of the Wusteel Services Caps, we have reviewed, and discussed with the management of the Company about, the cap calculation and understand that the Wusteel Services Caps are compiled based on the estimated provision of the Wusteel E&C Services by each group member of the Company after taking into account the following principal factors: (i) the historical transaction amounts in connection with the provision of the Wusteel E&C Services by the Group to Wusteel in the past three years; (ii) the Group's estimates on Wusteel's demand for the Wusteel E&C Services mainly based on the existing services contracts between the Group and Wusteel which are valid in the coming three years and the progress of the projects in relation thereto; (iii) the Group's estimates on the additional demand from Wusteel for the Wusteel E&C Services arising from the above mentioned Fang Cheng Gang Project, the Wusteel Merger and Integration and Wusteel's business plan in the coming three years based on the Group's preliminary communications with members of Wusteel; and (iv) a buffer to cater for the possible fluctuation in service costs of and demands for the Wusteel E&C Services in the coming three years. As advised by the Company, such buffer is made after taking into account the expected inflation in prices of labour, materials and equipment and the possible increase in demand for subject services caused by various factors such as ad hoc projects, changes in business operation and plan of Wusteel and projects progress.

Given the above, together with the steel industry of the country as described above, we are of the view that the Wusteel Services Caps for each of the three years ending 31 December 2014 are fair and reasonable.

***Our view***

Having considered the above, we are of the view that the basis adopted by the management of the Company in determining the Proposed Caps for the Continuing Connected Transactions is fair and reasonable so far as the Company and the Independent Shareholders are concerned.

However, Shareholders should note that the Proposed Caps relate to future events and do not represent a forecast of transaction amounts to be incurred as a result of each of the Continuing Connected Transactions. Consequently, we express no opinion as to how closely the actual transaction amounts of each of the Continuing Connected Transactions correspond with the Proposed Caps as discussed above.

**4. Requirement of the Hong Kong Listing Rules regarding the Continuing Connected Transactions**

As required by the Hong Kong Listing Rules, for each financial year of the Company ending 31 December 2014, the Continuing Connected Transactions shall be subject to the annual review by the independent non-executive Directors and the Company's auditors as required by Rules 14A.37 and 14A.38 of the Hong Kong Listing Rules, respectively. In particular, for each financial year, the independent non-executive Directors must confirm that the Continuing Connected Transactions have been entered into:

- in the ordinary and usual course of business of the Company;
- either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Furthermore, for each financial year, the Company's auditors must provide a letter to the Board confirming that the Continuing Connected Transactions:

- have received the approval of the Board;
- are in accordance with the pricing policies of the Company if the transactions involve provision of goods or services by the Company;
- have been entered into in accordance with the relevant agreement governing the transactions; and
- have not exceeded the cap disclosed in the previous announcement(s).

Given the above, we consider that there exist appropriate procedures and arrangements to monitor whether the Continuing Connected Transactions will be conducted on terms pursuant to the relevant contract(s) to be entered into between the Group and Wusteel during the three years ending 31 December 2014.

**RECOMMENDATION**

Having considered the principal factors and reasons referred to in the above, we consider that (i) the Continuing Connected Transactions are in the ordinary and usual course of business of the Group and the terms in relation thereto are on normal commercial terms, fair and reasonable so far as the Company and the Independent Shareholders are concerned and hence the Continuing Connected Transactions are in the interests of the Group and the Shareholders as a whole; and (ii) the Proposed Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned.

Accordingly, we advise the Independent Board Committee to recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the AGM to approve the Continuing Connected Transactions and the Proposed Caps.

Yours faithfully,

For and on behalf of

**CIMB Securities (HK) Limited**

**Heidi Cheng**

**Lily Li**

*Deputy Head*

*Vice President*

*Corporate Finance*

*Corporate Finance*



(A) Proposed new addition to the Rules of Procedures for Board Meetings

**An article is added**

**Article 6:**                    **The Board of Directors shall also assume the following duties in accordance with the provisions of the Hong Kong Listing Rules and the Code on Corporate Governance:**

- (1) to formulate the policies and practices for corporate governance;**
- (2) to be responsible for the scrutiny of, including but not limited to, professional training for Directors and senior management members under the requirements of laws, regulations and regulatory provisions;**
- (3) to oversee the Company's compliance with laws, regulations and regulatory requirements;**
- (4) to monitor the compliance with the code of conduct by Directors and employees;**
- (5) to be responsible for reviewing the Company's compliance with the Code on Corporate Governance (including those governed by laws, regulations and regulatory requirements) and the disclosure in the Corporate Governance Report.**

**The Board of Directors shall also periodically review whether the Directors have devoted sufficient time and effort to perform their duties.**

## (B) Proposed amendments to the Rules of Procedures for Board Meetings

Proposed amendment	Original	Amendment
Article 16	Article 16: The main responsibilities of the Strategy Committee of the Board of Directors are:	<b>Article 17:</b> The main responsibilities of the Strategy Committee of the Board of Directors are:
	(1) to study the medium and long-term development strategies and important investment decisions of the Company and advise the Board of Directors in this regard;	(1) to study the medium and long-term development strategies and important investment decisions of the Company and advise the Board of Directors in this regard;
	(2) to study the development strategies of the Company, and determine the basic framework of the strategies;	(2) to study the development strategies of the Company, and determine the basic framework of the strategies;
	(3) to organize the formulation of the medium and long-term development plans of the Company, as well as instruct and review the strategic development plans of the major subsidiaries;	(3) to organize the formulation of the medium and long-term development plans of the Company, as well as instruct and review the strategic development plans of the major subsidiaries;
	(4) to review the annual operating plans and investment plans of the Company;	(4) to review the annual operating plans and investment plans of the Company;
	(5) to study major investment & financing plans, capital operation projects and asset operation projects and give suggestions;	(5) to study major investment & financing plans, capital operation projects and asset operation projects and give suggestions;
	(6) to develop reorganization and organizational restructuring plans, instruct the subsidiaries to develop restructuring and reorganization plans, and raise review opinions;	(6) to develop <b><u>restructuring and reorganization</u></b> plans, instruct the subsidiaries to develop restructuring and reorganization plans, and raise review opinions;

Proposed amendment	Original	Amendment
	(7) other duties and authorities granted by the Board of Directors.	(7) <u>to assess the corporate governance structure and organizational structure of the Company and suggest ways to improve them based on the business and management needs of the Company periodically;</u>
		(8) other duties and authorities granted by the Board of Directors.
Article 17	Article 17 The majority of the Finance & Audit Committee of the Board of Directors shall be Independent Directors and the meeting of which shall be convened by Independent Directors. At least one Independent Director shall possess the appropriate professional qualification or expertise required by relevant supervision laws and administrations in the region where the shares of the Company are listed.	<u>Article 18:</u> The majority of the Finance & Audit Committee of the Board of Directors shall be Independent Directors and the meeting of which shall be convened by Independent Directors. At least one Independent Director shall possess the appropriate professional qualification or expertise required by relevant supervision laws and administrations in the region where the shares of the Company are listed.
	Its main responsibilities are:	Its main responsibilities are:
	(1) to review major financial control objectives, supervise the execution of the financial rules and systems, and instruct the financial work of the Company;	(1) to review major financial control objectives, supervise the execution of the financial rules and systems, and instruct the financial work of the Company;
	(2) to develop the guarantee management policy, and review the guarantee business;	(2) to develop the guarantee management policy, and review the guarantee business;
	(3) to review the annual financial budget and final accounts, and supervise the implementation thereof;	(3) to review the annual financial budget and final accounts, and supervise the implementation thereof;

Proposed amendment	Original	Amendment
	(4) to review the financial analysis of major investment projects, supervise the implementation results of the investment projects, and organize the post-assessment and review of major investment and financing projects;	(4) to review the financial analysis of major investment projects, supervise the implementation results of the investment projects, and organize the post-assessment and review of major investment and financing projects;
	(5) to review the profit distribution plan and the loss recovery plan of the Company, and advise the Board of Directors in this regard;	(5) to review the profit distribution plan and the loss recovery plan of the Company, and advise the Board of Directors in this regard;
	(6) to review the assets and financial quality indicators of the Company, and advise the Board of Directors in this regard;	(6) to review the assets and financial quality indicators of the Company, and advise the Board of Directors in this regard;
	(7) to review the annual internal audit plan of the Company;	(7) to review the annual internal audit plan of the Company;
	(8) to review the internal audit system and its implementation in the company, and suggest the establishment of the internal audit system of the Company as well as the appointment and dismissal of the leaders of the audit department;	(8) to review the internal audit system and its implementation in the company, and suggest the establishment of the internal audit system of the Company as well as the appointment and dismissal of the leaders of the audit department;
	(9) to suggest the engagement or replacement of external audit;	(9) to suggest the engagement or replacement of external audit;
	(10) be responsible for maintaining smooth communications between the internal auditor and external auditor;	(10) be responsible for maintaining smooth communications between the internal auditor and external auditor;
	(11) to verify the financial information of the Company and its disclosure, review the financial statements independently, and express opinions;	(11) to verify the financial information of the Company and its disclosure, review the financial statements independently, and express opinions;

Proposed amendment	Original	Amendment
	(12) to coordinate the internal control audit;	(12) to coordinate the internal control audit;
	(13) to confirm the list of Affiliated persons of the Company, and report in time to the Board of Directors and the Board of Supervisors;	(13) to confirm the list of Affiliated persons of the Company, and report in time to the Board of Directors and the Board of Supervisors;
	(14) to review material connected transactions proposed between the Company and Affiliated persons, express written opinions, submit the same to the Board of Directors for review, and report the same to the Board of Supervisors;	(14) to review material connected transactions proposed between the Company and Affiliated persons, express written opinions, submit the same to the Board of Directors for review, and report the same to the Board of Supervisors;
	(15) other authorities granted by the Board of Directors.	<b><u>(15) to review the opinion feedback channels established by the Company to ensure employees could put forward different opinions on misconducts incurred in the financial report, internal monitoring and other aspects;</u></b>
	Particulars of duties and functions and other relevant matters relating to the Finance & Audit Committee of the Board of Directors are set out in the Working Rules for the Finance & Audit Committee of the Board of Directors of the Metallurgical Corporation of China Ltd	<b><u>(16)</u></b> other authorities granted by the Board of Directors.  Particulars of duties and functions and other relevant matters relating to the Finance & Audit Committee of the Board of Directors are set out in the Working Rules for the Finance & Audit Committee of the Board of Directors of the Metallurgical Corporation of China Ltd.

Proposed amendment	Original	Amendment
Article 18	<p>Article 18 The majority of the Nomination Committee of the Board of Directors shall be Independent Directors and the meeting of which shall be convened by Independent Directors.</p> <p>Its main responsibilities are:</p> <p>(1) to undertake the responsibility to study the standards, procedures and methods for selecting Directors, the President and other senior executives of the Company, and put forward suggestions to the Board of Directors;</p> <p>(2) to review the candidates for Directors, the President and other senior executives, and submit review opinions to the Board of Directors;</p> <p>(3) to extensively hunt for qualified candidates for the positions of Director, President and other senior executives;</p> <p>(4) other duties granted by the Board of Directors.</p> <p>Particulars of duties and functions and other relevant matters relating to the Nomination Committee of the Board of Directors are set out in the Working Rules for the Nomination Committee of the Board of Directors of the Metallurgical Corporation of China Ltd.</p>	<p><b>Article 19</b> The majority of the Nomination Committee of the Board of Directors shall be Independent Directors and the meeting of which shall be convened by Independent Directors.</p> <p>Its main responsibilities are:</p> <p>(1) to undertake the responsibility to study the standards, procedures and methods for selecting Directors, the President and other senior executives of the Company, and put forward suggestions to the Board of Directors;</p> <p>(2) to review the candidates for Directors, the President and other senior executives, and submit review opinions to the Board of Directors;</p> <p>(3) to extensively hunt for qualified candidates for the positions of Director, President and other senior executives;</p> <p><b>(4) <u>to study and review the organizational structure, number of members and composition (including skill, knowledge and experience) of the Board of Directors at least once each year to carry out the strategies of the Company;</u></b></p> <p><b>(5)</b> other duties granted by the Board of Directors.</p> <p>Particulars of duties and functions and other relevant matters relating to the Nomination Committee of the Board of Directors are set out in the Working Rules for the Nomination Committee of the Board of Directors of the Metallurgical Corporation of China Ltd.</p>

Proposed amendment	Original	Amendment
Article 27	Article 27	<p>The Board office shall send the written notice of meeting bearing the seal of the Board office to all the Directors, Supervisors and other non-voting representatives by email, fax, express, registered mail or personal delivery 10 days and 5 days before a regular Board meeting and a provisional Board meeting respectively. Where the notice is not served by direct delivery, telephone acknowledgement and relevant records shall be made.</p> <p>Notice of the regular Board meeting shall be served by the Board office 14 days in advance upon the Articles of Association applicable to the issue of H Shares by the Company come into effect.</p>
		<p><b><u>Article 28:</u></b> The Board office shall send the written notice of meeting bearing the seal of the Board office to all the Directors, Supervisors and other non-voting representatives by email, fax, express, registered mail or personal delivery <b>14 days</b> and 5 days before a regular Board meeting and a provisional Board meeting respectively. Where the notice is not served by direct delivery, telephone acknowledgement and relevant records shall be made.</p>

**Performance Report of the independent non-executive Directors of  
the Metallurgical Corporation of China Ltd.\* for 2011**

Dear Shareholders and Shareholders' representatives,

In 2011, the independent non-executive Directors of the first session of the Board of Metallurgical Corporation of China Ltd.\* (hereinafter referred to as the "Company"), bearing in mind our direction and goal to "maximize the interest of shareholders", we diligently and conscientiously performed the duties of independent non-executive Directors strictly in accordance with the Company Law, the Guidelines for Introducing Independent Directors to the Board of Directors of Listed Companies, Certain Rules in Respect of Strengthening the Protection of the Interests of the Public Shareholders and other relevant laws and regulations, the Articles of Association, the Rules for the Office of Independent Directors and other systems of the Company, thereby have fully demonstrated the independence of independent non-executive Directors and protected the interests of the Company as a whole and safeguarded the legal interests of all shareholders, in particular, the minority shareholders. The report on the performance of duties of independent non-executive Directors in 2011 is presented to the shareholders and the shareholders' representatives as follows:

The first session of the Board of the Company consists of nine members, five of whom are independent non-executive Directors, namely Jiang Longsheng, Wen Keqin, Liu Li, Chen Yongkuan and Cheung Yukming. Independent non-executive Directors represent more than half of the members of the Board, among which, the domicile of one Director is Hong Kong. During the reporting year, all Directors actively attended the relevant Board meetings, conducted specific research based on the requirement of the Company with its own expertise, earnestly participated in the decision-making on significant events of the Company, provided independent opinions on relevant issues of the Company in accordance with the regulatory requirements of the listing place and provided opinions and recommendations on the "effective reform, scientific development and betterment" of the Company.

## **1. ATTENDANCE AT MEETINGS**

### **(a) Board meetings**

During the reporting period, the Board of the Company held 12 Board meetings, ten of which were on site meetings and two was a meeting by telecommunication. Five Board meetings were held for a specific theme. All independent non-executive Directors attended the meeting in person or by entrusting other independent non-executive Directors to attend the above meetings.



The primary condition for Directors' effective performance of duties is to be acknowledged with the necessary information, which also serves as the precondition and basis of the scientific decisions of the Board. To this end, the Board proactively expands the communication channels to improve the information sharing system to ensure that independent non-executive Directors are abreast of all kinds of accurate and reliable information timely, comprehensively and completely.

During the reporting year, meetings were arranged monthly on the ground that proper arrangement for the annual meeting of the Board had been made. Notice was served in advance in respect of the time and arrangement for the meetings, which further improved the Board's undertaking of work at all levels and its effectiveness. To facilitate the effective perform of their duties, independent non-executive Directors (including those located overseas) thoroughly examined and studied the documents submitted prior to the meetings of the Company and were fully prepared for the consideration of proposals and decision-making at the meetings.

At the meetings, all independent non-executive Directors earnestly considered each issue, actively participated in discussions, provided recommendations and opinions, and expressed independent views on all decision-making of the Board with regards to the interests of all Shareholders and the Company as a whole. Meanwhile, we exercised voting rights on resolutions of the Board, thereby ensured the independence of decision-making of the Board.

Details of attendance of independent non-executive Directors in Board meetings of the Company in 2011 are as follows:

Independent non-executive Director	Number of attendance required for the year	Number of meetings attended in person	Number of meetings attended		Number of Absence
			by telecommunication	by proxy	
Jiang Longsheng	12	10	2	0	0
Wen Keqin	12	9	2	1	0
Liu Li	12	10	2	0	0
Chen Yongkuan	12	9	2	1	0
Cheung Yukming	12	9	2	1	0

**(b) Meetings of special committees under the Board**

There are five special committees under the Board, namely the Strategy Committee, Finance and Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee. Each special committee is convened by the non-executive Directors, of which, the Finance and Audit Committee and the Remuneration Committee comprised entirely non-executive Directors, whilst the majority of the Nomination Committee and the Risk Management Committee are independent non-executive Directors.

In 2011, the duties and functions of Finance and Audit Committee of the Board were adjusted by the Board of the Company under the regulatory rules of the listing place and the operating condition of the Company, whereby greater importance had been attached to enhancing scrutiny and management over the financial quality indicators of the Company's assets while the committee was newly assigned to be responsible for the control and daily management of connected transactions of the Company, pursuant to which the Finance and Audit Committee performed its auditing function fully and effectively. Each special committee adequately performed its duties and functions on important resolutions of the Board within its terms of reference, conducted preliminary review of the proposals submitted to the Board for its consideration and expressed specific audit opinions thereof, gave advice and made recommendation for the major decisions of the Board.

**The arrangement and composition of special committees under the Board of MCC for 2011**

<b>Special committee</b>	<b>Members</b>	<b>Convener</b>
Strategy Committee	Jing Tianliang, Wang Weimin, Shen Heting, Guo Wenqing, Liu Li, Chen Yongkuan and Cheung Yukming	Jing Tianliang
Finance and Audit Committee	Liu Li, Jing Tianliang, Jiang Longsheng, Wen Keqin and Cheung Yukming	Liu Li
Nomination Committee	Wen Keqin, Wang Weimin, Shen Heting, Jiang Longsheng and Chen Yongkuan	Wen Keqin
Remuneration Committee	Jiang Longsheng, Jing Tianliang, Wen Keqin, Liu Li and Chen Yongkuan	Jiang Longsheng
Risk Management Committee	Jing Tianliang, Wang Weimin, Shen Heting, Jiang Longsheng, Liu Li, Chen Yongkuan and Cheung Yukming	Jing Tianliang

As at 31 December 2011, the Company held 22 meetings of special committees. In particular, the Strategy Committee held two meetings, the Risk Management Committee held two meetings, the Finance and Audit Committee held 12 meetings and the Remuneration Committee held six meetings. Each of independent non-executive Directors attended meetings with reference to their respective roles in each special committee and considered and listened to relevant resolutions and work reports. As the representatives of legal interests of all shareholders, all Directors leveraged on a combination of professional knowledge, intensive management experience and qualification and professional ethics of diligence to provide professional opinions and constructive recommendations on the key financial indicators and regular financial report disclosure, improvement and implementation of internal system, performance appraisal of senior management and adjustment to emolument distribution, respectively and ensure the objectiveness, fairness, effectiveness and reasonableness of the decision-making of the Board.

Details of the attendance of independent non-executive Directors of the Company in meetings of special committees under the Board in 2011 are as follows:

Name of Directors	Number of meetings of special committees attended during the year	Strategy	Risk	Remuneration	Finance and
		Committee (Time)	Management Committee (Time)	Committee (Time)	Audit Committee (Time)
Jiang Longsheng	20	—	2	6	12
Wen Keqin	15	—	—	4	11
Liu Li	22	2	2	6	12
Chen Yongkuan	14	2	2	5	5 (as an observer) <sup>1</sup>
Cheung Yukming	13	1	2	—	11

*Note:* Director Chen Yongkuan, in the capacity of independent non-executive Director, attended five meetings of the Finance and Audit Committee as an observer.

## 2. PROVISION OF INDEPENDENT OPINIONS

Independent non-executive Directors of the Company were debriefed the reporting of major events from the intermediaries before, during and after audit of the annual report to timely identify any potential problems to ensure the smooth progress of the internal and external audit of the Company and the truthfulness, accuracy and completeness of information disclosure.

Pursuant to the relevant laws and regulations, each Director expressed independent opinions on the Proposal in relation to the Remuneration of the Directors and Supervisors of MCC, the Proposal in relation to the Adjustments to the Investment Projects Financed by Part of the Proceeds from the A Share Issuance, the Proposal in relation to the Application for Waivers of Continuing Connected Transactions from 2012 to 2014 (《關於申請2012年至2014年持續性關聯／關連交易豁免額度的議案》), the Proposal in relation to the Utilization of Unused A Share Proceeds for Another Replenishment of Working Capital at the 21st meeting of the first session of the Board held on 29-31 March 2011, and expressed independent opinions on the Proposal in relation to the Proposal in relation to the Utilization of Unused A Share Proceeds for Replenishment of Working Capital at the 28th meeting of the first session of the Board held on 28 October 2011 and on the 2010 Remuneration Distribution Plan for the Management of MCC at the 30th meeting of the first session of the Board held on 22-23 December 2011, thereby completely discharging their duties of independent non-executive Directors as stipulated in the articles of association of the Company.

### 3. SAFEGUARDING LEGAL INTERESTS OF PUBLIC SHAREHOLDERS

#### (a) Day-to-day duties

During the reporting year, the independent non-executive Directors performed the duties of independent non-executive Directors diligently and faithfully, attended meeting on schedule, comprehensively and timely studied the business development of the Company, conducted investigation and research on specific matters such as the production and operation, financial management, establishment of internal control system, use of proceeds, connected transactions and other day-to-day matters of the Company, proposed investigation and research as well as discussion outline by listening to the reporting by relevant personnel, obtained information necessary for decision-making, timely identified potential operational risks of the Company through measures such as supervision and investigation. Meanwhile, they utilised their own knowledge and background in the course of performance of day-to-day duties to provide constructive opinions to the development and standardized operation of the Company and actively and effectively performed the duties of independent non-executive Directors, which in turn has made positive contributions to the scientific decision-making of the Board.

**(b) On-site investigation and research**

To better understand the actual operating conditions of the Company, all independent non-executive Directors conducted investigation and research on the major business segments of Company separately based on the strategic goal of the Board of “effective reform, scientific development and betterment”. A total of 29 investigations and researches were conducted during the year. All Directors carried out research on the development of the real estate market, overseas engineering business and the equipment manufacturing business by exploring the frontline operation with their own background and work experience and devoting plenty of time and diligence, contributed development ideas and effective measures based on their experience to establish a top-down comprehensive information system of the Board to enhance prospective decision-making, and played a positive role in the thorough understanding of the existing conditions and development challenges of the Company while safeguarding the interests of minority shareholders.

**(c) Facilitation of further improvement of corporate governance structure**

Pursuant to the requirements under the Guidelines of Shanghai Stock Exchange on Connected Transactions of Listed Companies promulgated by the Shanghai Stock Exchange, the Audit Committee or the Connected Transactions Control Committee under the Board of listed companies shall be ensured to undertake the duties of control and daily management of Connected transactions of listed companies. The Company added two major duties of the Finance and Audit Committee on March 31 2011 in accordance with regulatory requirements: “verifying the list of the Company’s connected persons and reporting the same to the Board and the Supervisory Committee” and “reviewing the major connected transactions to be entered into between the Company and its connected persons, issuing an written opinion in respect thereof to the Board for consideration and reporting the same to the Supervisory Committee”.

Meanwhile, the original article 6 with respect to the major duties of the Finance and Audit Committee under the Board was too specific and covered a narrow scope, which was amended to “to review the assets and financial quality indicators of the Company, and advise the Board of Directors in this regard” from the original “to review the gearing ratio of the Company, and advise the Board of Directors in this regard”.

By adjusting the working rules of the Finance and Audit Committee, its duties and functions were strengthened. With the special committee playing an important role in corporate governance, the internal control system of the Company was further improved and the standard of corporate governance was enhanced.

**(d) Disclosure of Information of the Company**

The independent non-executive Directors placed great emphasis on, paid continuous attention to the material information disclosure and reviewing of the Company reviewed the disclosure of periodic reports of the Company and provided respective opinions. In order to optimize the information disclosure management system, the Company strictly complied with the information disclosure requirements of the regulatory departments on listed companies by disclosing important information of the Company to investors in a timely manner, strengthening the completeness and continuity of voluntary information disclosure and providing guidelines on ensuring the truthfulness, accuracy, timeliness, completeness and fairness of information disclosure of the Company in 2011.

**(e) Participation in the follow-up training in accordance with the regulatory requirements**

During the reporting period, the independent non-executive Directors, when appropriate, participated in the follow-up training session for independent non-executive directors of listed companies organized by the Shanghai Stock Exchange, at which they studied the laws and regulations relating to corporate governance, domestic and foreign listing rules and relevant laws and regulations systematically and comprehensively. They gained more profound knowledge and understanding on relevant regulations in relation to standardization of corporate governance structure and safeguarding public shareholders' interests, thereby have strengthened protection to the interests of the Company and investors, built up the concept of safeguarding public shareholders' interests and supported and safeguarded the performance of duties by independent non-executive Directors.

**4. OTHER DUTIES**

During the reporting period, there was no proposal raised by independent non-executive Directors for convening Board meetings; during the daily operation of the Company, there was no independent appointment of external audit institution and consultancy institutions.

In 2012, the independent non-executive Directors will continue to study thoroughly the production and operation matters of the Company based on the principle of honesty and diligence and continue to perform our duties in a prudent, earnest, diligent and honest manner in accordance with the provisions and requirements on independent non-executive Directors under the relevant laws and regulations, with a view to better exercising supervision and checks and balance, optimizing and strengthening corporate governance structure, supervising and limiting the power of decision makers and operators of the Company, continuously enhancing the quality of the Company's operation and safeguarding the legal interests of the Company and shareholders. Meanwhile, leveraging on their professional knowledge and intensive experience, they will provide more constructive recommendations on the development of the Company and provide opinions for the reference of the Board in its decision-making. It is their hope to facilitate solid operation and standardized running of the Company through concerted efforts.

28 March 2012

*Signatures of the independent non-executive Directors:*

Jiang Longsheng:

Wen Keqin:

Liu Li:

Chen Yongkuan:

Cheung Yukming:

## 1. RESPONSIBILITY STATEMENT

This circular, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Hong Kong 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 not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

## 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, as far as the Company is aware, details of the interests or short positions of the Directors, Supervisors and the chief executive of the Company or any of their associates in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) as recorded in the register required to be kept under Section 352 of the Securities and Futures Ordinance, or otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for the Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Hong Kong Listing Rules are as follows:

Name	Position	Class of shares	Long/short position	Capacity	Number of shares	Percentage of the relevant class of shares in issue (%)	Percentage of the total shares in issue (%)
Jing Tianliang	Chairman	A Shares	Long position	Beneficial owner	50,000	0	0
Wang Weimin	Vice Chairman and Executive Director	A Shares	Long position	Beneficial owner	50,000	0	0
Shen Heting	President and Executive Director	A Shares	Long position	Beneficial owner	50,000	0	0
Han Changlin	Chairman of Supervisory Committee	A Shares	Long position	Beneficial owner	30,000	0	0
Guo Wenqing	Employee Representative Director	A Shares	Long position	Beneficial owner	30,000	0	0
Chen Yongkuan	Independent non-executive Director	A Shares	Long position	Beneficial owner	30,000	0	0
Peng Haiqing	Supervisor	A Shares	Long position	Beneficial owner	30,000	0	0
Shao Bo	Employee Representative Supervisor	A Shares	Long position	Beneficial owner Interests of spouse	25,000 1,000	0	0



Save as disclosed above and as at the Latest Practicable Date, as far as the Company is aware, none of the Directors, Supervisors or the chief executive of the Company or any of their associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which are recorded in the register of the Company required to be kept pursuant to Section 352 of the Securities and Futures Ordinance, or otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for the Securities Transactions by Directors of Listed Companies set out in Appendix 10 to the Hong Kong Listing Rules.

### **3. LITIGATION**

As at the Latest Practicable Date, neither the Company nor any of its Subsidiaries was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened by or against the Company or any of its Subsidiaries.

### **4. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors or Supervisors has entered into or proposes to enter into a service contract with the Company other than a service contract expiring or terminable by the Company within one year without payment of compensation (other than statutory compensation).

### **5. DIRECTORS' AND SUPERVISORS' INTERESTS IN COMPETING BUSINESS**

As at the Latest Practicable Date, none of the Directors, Supervisors or their respective associates had an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Company, or may have any other conflicts of interests with the Company.

### **6. DIRECTORS' AND SUPERVISORS' INTERESTS IN ASSETS**

None of the Directors or Supervisors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Company or proposed to be so acquired, disposed of or leased since 31 December 2011, being the date to which the latest published audited consolidated accounts of the Company were made up, and up to the Latest Practicable Date.

**7. DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS**

Save as disclosed in this circular, there was no contract or arrangement subsisting at the Latest Practicable Date in which any of the Directors or Supervisors was materially interested and which was significant in relation to the business of the Company.

**8. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, the Directors confirm that there was no material adverse changes in the financial or trading position of the Company since 31 December 2011, the date to which the latest published audited consolidated accounts of the Company were made up.

**9. QUALIFICATIONS AND CONSENTS OF EXPERTS**

The following are the qualifications of the experts who have given opinion or advice, which are contained or referred to in this circular:

<b>Name</b>	<b>Qualifications</b>
CIMB Securities (HK) Limited	A licensed corporation to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO

CIMB has given and has not withdrawn its written consent to the issue of this circular with the inclusion herein of its letter, report and references to its name in the form and context in which it appears.

As at the Latest Practicable Date,

- (a) CIMB did not have any beneficial shareholding in any member of the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Company; and
- (b) CIMB did not have any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Company or proposed to be so acquired, disposed of or leased since 31 December 2011, being the date to which the latest published audited consolidated accounts of the Company were made up, and up to the Latest Practicable Date.

**10. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection during normal business hours on any weekday, excluding public holidays, at KCS Hong Kong Limited, 8th Floor, Gloucester Tower, The Landmark, 15 Queen's Road Central, Hong Kong from the date of this circular up to and including Tuesday, 8 May 2012 (both days inclusive):

- (a) the letter from the Independent Board Committee, the text of which is set out in Appendix I to this circular;
- (b) the letter of advice from CIMB to the Independent Board Committee and the Independent Shareholders, the text of which is set out in Appendix II to this circular;
- (c) the written consents of CIMB referred to in the section headed "Qualifications and consents of experts" in this Appendix V; and
- (d) this circular.

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## NOTICE OF THE 2011 ANNUAL GENERAL MEETING

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

### **中國冶金科工股份有限公司**

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

(Stock Code: 1618)

### **NOTICE OF THE 2011 ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN** that the annual general meeting (the “AGM”) of Metallurgical Corporation of China Ltd.\* (the “Company”) will be held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, the People’s Republic of China, on Friday, 15 June 2012 at 9:00 a.m. to consider and, if thought fit, pass (with or without amendments) the following resolutions:

#### **ORDINARY RESOLUTIONS**

1. To consider and approve the report of the Board for the year ended 31 December 2011 (as contained in the Annual Report 2011);
2. To consider and approve the report of the Supervisory Committee for the year ended 31 December 2011 (as contained in the Annual Report 2011);
3. To consider and approve the report of the international auditors and audited financial statements of the Company for the year ended 31 December 2011 (as contained in the Annual Report 2011);
4. To consider and approve the profit distribution plan for the year ended 31 December 2011;
5. To consider and approve the proposed appointment of PricewaterhouseCoopers Certified Public Accountants as the international auditor and PricewaterhouseCoopers Zhong Tian CPA Limited Company as the domestic auditor of the Company, and appointment of PricewaterhouseCoopers Zhong Tian CPA Limited Company as the internal control auditing adviser of the Company to hold office until the conclusion of the next annual general meeting and to authorise the Board to determine their remunerations;
6. To consider and approve the proposed emoluments of Directors and Supervisors for the year 2011;

\* *for identification purpose only*

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## NOTICE OF THE 2011 ANNUAL GENERAL MEETING

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7. To consider and approve the resolution of the plan of the Company in respect of the guarantees:

**“THAT:**

- (A) the provisions of guarantees up to RMB18.078 billion (or equivalent foreign currency amounts), including new guarantees of RMB10.563 billion and renewal of expired guarantees of RMB7.515 billion, by the Company to its subsidiaries during the period from the date of approval from the AGM to the date of conclusion of the next annual general meeting of the Company for the year ending 31 December 2012; and
  - (B) the office of the President of the Company be hereby authorized to approve each guarantee within the total amount of guarantees approved under paragraph (A) of this resolution without needing to obtain approvals for any of the guarantees under paragraph (A) of this resolution from the Board and/or the Shareholders at a general meeting of the Company, be approved and confirmed.”
8. To consider and approve proposed liability insurance for the Directors, Supervisors and senior management of the Company and to authorize the Board to determine detailed terms thereof; and
9. To consider and approve the proposed entering into of the Continuing Connected Transactions (as defined in the circular of the Company dated 24 April 2012 (“**Circular**”)) and the new annual caps for the years 2012 - 2014 as set out in the Circular:

**“THAT:**

- (A) the entering into of the continuing connected transactions between the Company and its Subsidiaries and Wusteel (as defined in the Circular) in respect of the provision of Wusteel Integrated Products (as defined in the Circular) and the proposed annual caps thereof be approved and confirmed; and
- (B) the entering into of the continuing connected transactions between the Company and its Subsidiaries and Wusteel (as defined in the Circular) in respect of the provision of Wusteel E&C Services (as defined in the Circular) and the proposed annual caps thereof be approved and confirmed.

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## NOTICE OF THE 2011 ANNUAL GENERAL MEETING

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### SPECIAL RESOLUTIONS

10. To consider and approve the following special resolution in relation to the issue of short-term financing bills:

- (i) Principal amount: to apply for registration with National Association of Financial Market Institutional Investors in four tranches for an amount of RMB18.4 billion in total and each tranche shall not exceed RMB5 billion
- (ii) Maturity: one year
- (iii) Interest rate: to float above the valuation results as published in that week

11. To consider and approve the following special resolution in relation to the amendments to the Rules of Procedure for Board Meeting:

- (A) To insert the following content into the Rules of Procedures for Board Meeting:

**An article is added**

**Article 6: The Board of Directors shall also assume the following duties in accordance with the provisions of the Hong Kong Listing Rules and the Code on Corporate Governance:**

- (1) to formulate the policies and practices for corporate governance;**
- (2) to be responsible for the scrutiny of, including but not limited to, professional training for Directors and senior management members under the requirements of laws, regulations and regulatory provisions;**
- (3) to oversee the Company's compliance with laws, regulations and regulatory requirements;**
- (4) to monitor the compliance with the code of conduct by Directors and employees;**

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## NOTICE OF THE 2011 ANNUAL GENERAL MEETING

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**(5) to be responsible for reviewing the Company's compliance with the Code on Corporate Governance (including those governed by laws, regulations and regulatory requirements) and the disclosure in the Corporate Governance Report.**

**The Board of Directors shall also periodically review whether the Directors have devoted sufficient time and effort to perform their duties.**

(B) To amend the existing Rules of Procedures for Board Meetings of the Company in the following manner:

<b>Proposed amendment</b>	<b>Original</b>	<b>Amendment</b>
Article 16	Article 16: The main responsibilities of the Strategy Committee of the Board of Directors are:	<b>Article 17:</b> The main responsibilities of the Strategy Committee of the Board of Directors are:
	(1) to study the medium and long-term development strategies and important investment decisions of the Company and advise the Board of Directors in this regard;	(1) to study the medium and long-term development strategies and important investment decisions of the Company and advise the Board of Directors in this regard;
	(2) to study the development strategies of the Company, and determine the basic framework of the strategies;	(2) to study the development strategies of the Company, and determine the basic framework of the strategies;
	(3) to organize the formulation of the medium and long-term development plans of the Company, as well as instruct and review the strategic development plans of the major subsidiaries;	(3) to organize the formulation of the medium and long-term development plans of the Company, as well as instruct and review the strategic development plans of the major subsidiaries;
	(4) to review the annual operating plans and investment plans of the Company;	(4) to review the annual operating plans and investment plans of the Company;

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## NOTICE OF THE 2011 ANNUAL GENERAL MEETING

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<b>Proposed amendment</b>	<b>Original</b>	<b>Amendment</b>
	(5) to study major investment & financing plans, capital operation projects and asset operation projects and give suggestions;	(5) to study major investment & financing plans, capital operation projects and asset operation projects and give suggestions;
	(6) to develop reorganization and organizational restructuring plans, instruct the subsidiaries to develop restructuring and reorganization plans, and raise review opinions;	(6) to develop restructuring and reorganization plans, instruct the subsidiaries to develop restructuring and reorganization plans, and raise review opinions;
	(7) other duties and authorities granted by the Board of Directors.	(7) <u>to assess the corporate governance structure and organizational structure of the Company and suggest ways to improve them based on the business and management needs of the Company periodically;</u>
		(8) other duties and authorities granted by the Board of Directors.
Article 17	Article 17 The majority of the Finance & Audit Committee of the Board of Directors shall be Independent Directors and the meeting of which shall be convened by Independent Directors. At least one Independent Director shall possess the appropriate professional qualification or expertise required by relevant supervision laws and administrations in the region where the shares of the Company are listed.	<b>Article 18:</b> The majority of the Finance & Audit Committee of the Board of Directors shall be Independent Directors and the meeting of which shall be convened by Independent Directors. At least one Independent Director shall possess the appropriate professional qualification or expertise required by relevant supervision laws and administrations in the region where the shares of the Company are listed.



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## NOTICE OF THE 2011 ANNUAL GENERAL MEETING

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**Proposed  
amendment**

**Original**

**Amendment**

Its main responsibilities are:

Its main responsibilities are:

(1) to review major financial control objectives, supervise the execution of the financial rules and systems, and instruct the financial work of the Company;

(1) to review major financial control objectives, supervise the execution of the financial rules and systems, and instruct the financial work of the Company;

(2) to develop the guarantee management policy, and review the guarantee business;

(2) to develop the guarantee management policy, and review the guarantee business;

(3) to review the annual financial budget and final accounts, and supervise the implementation thereof;

(3) to review the annual financial budget and final accounts, and supervise the implementation thereof;

(4) to review the financial analysis of major investment projects, supervise the implementation results of the investment projects, and organize the post-assessment and review of major investment and financing projects;

(4) to review the financial analysis of major investment projects, supervise the implementation results of the investment projects, and organize the post-assessment and review of major investment and financing projects;

(5) to review the profit distribution plan and the loss recovery plan of the Company, and advise the Board of Directors in this regard;

(5) to review the profit distribution plan and the loss recovery plan of the Company, and advise the Board of Directors in this regard;

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## NOTICE OF THE 2011 ANNUAL GENERAL MEETING

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<b>Proposed amendment</b>	<b>Original</b>	<b>Amendment</b>
	(6) to review the assets and financial quality indicators of the Company, and advise the Board of Directors in this regard;	(6) to review the assets and financial quality indicators of the Company, and advise the Board of Directors in this regard;
	(7) to review the annual internal audit plan of the Company;	(7) to review the annual internal audit plan of the Company;
	(8) to review the internal audit system and its implementation in the company, and suggest the establishment of the internal audit system of the Company as well as the appointment and dismissal of the leaders of the audit department;	(8) to review the internal audit system and its implementation in the company, and suggest the establishment of the internal audit system of the Company as well as the appointment and dismissal of the leaders of the audit department;
	(9) to suggest the engagement or replacement of external audit;	(9) to suggest the engagement or replacement of external audit;
	(10) be responsible for maintaining smooth communications between the internal auditor and external auditor;	(10) be responsible for maintaining smooth communications between the internal auditor and external auditor;
	(11) to verify the financial information of the Company and its disclosure, review the financial statements independently, and express opinions;	(11) to verify the financial information of the Company and its disclosure, review the financial statements independently, and express opinions;
	(12) to coordinate the internal control audit;	(12) to coordinate the internal control audit;
	(13) to confirm the list of Affiliated persons of the Company, and report in time to the Board of Directors and the Board of Supervisors;	(13) to confirm the list of Affiliated persons of the Company, and report in time to the Board of Directors and the Board of Supervisors;

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## NOTICE OF THE 2011 ANNUAL GENERAL MEETING

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Proposed amendment	Original	Amendment
	<p>(14) to review material connected transactions proposed between the Company and Affiliated persons, express written opinions, submit the same to the Board of Directors for review, and report the same to the Board of Supervisors;</p>	<p>(14) to review material connected transactions proposed between the Company and Affiliated persons, express written opinions, submit the same to the Board of Directors for review, and report the same to the Board of Supervisors;</p>
	<p>(15) other authorities granted by the Board of Directors.</p> <p>Particulars of duties and functions and other relevant matters relating to the Finance &amp; Audit Committee of the Board of Directors are set out in the Working Rules for the Finance &amp; Audit Committee of the Board of Directors of the Metallurgical Corporation of China Ltd</p>	<p><b><u>(15) to review the opinion feedback channels established by the Company to ensure employees could put forward different opinions on misconducts incurred in the financial report, internal monitoring and other aspects;</u></b></p> <p><b><u>(16)</u></b> other authorities granted by the Board of Directors.</p> <p>Particulars of duties and functions and other relevant matters relating to the Finance &amp; Audit Committee of the Board of Directors are set out in the Working Rules for the Finance &amp; Audit Committee of the Board of Directors of the Metallurgical Corporation of China Ltd.</p>

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## NOTICE OF THE 2011 ANNUAL GENERAL MEETING

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<b>Proposed amendment</b>	<b>Original</b>	<b>Amendment</b>
Article 18	Article 18 The majority of the Nomination Committee of the Board of Directors shall be Independent Directors and the meeting of which shall be convened by Independent Directors.	<u><b>Article 19</b></u> The majority of the Nomination Committee of the Board of Directors shall be Independent Directors and the meeting of which shall be convened by Independent Directors.
	Its main responsibilities are:	Its main responsibilities are:
	(1) to undertake the responsibility to study the standards, procedures and methods for selecting Directors, the President and other senior executives of the Company, and put forward suggestions to the Board of Directors;	(1) to undertake the responsibility to study the standards, procedures and methods for selecting Directors, the President and other senior executives of the Company, and put forward suggestions to the Board of Directors;
	(2) to review the candidates for Directors, the President and other senior executives, and submit review opinions to the Board of Directors;	(2) to review the candidates for Directors, the President and other senior executives, and submit review opinions to the Board of Directors;
	(3) to extensively hunt for qualified candidates for the positions of Director, President and other senior executives;	(3) to extensively hunt for qualified candidates for the positions of Director, President and other senior executives;

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## NOTICE OF THE 2011 ANNUAL GENERAL MEETING

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Proposed amendment	Original	Amendment
	<p>(4) other duties granted by the Board of Directors.</p> <p>Particulars of duties and functions and other relevant matters relating to the Nomination Committee of the Board of Directors are set out in the Working Rules for the Nomination Committee of the Board of Directors of the Metallurgical Corporation of China Ltd.</p>	<p><u>(4) to study and review the organizational structure, number of members and composition (including skill, knowledge and experience) of the Board of Directors at least once each year to carry out the strategies of the Company;</u></p> <p><u>(5) other duties granted by the Board of Directors.</u></p> <p>Particulars of duties and functions and other relevant matters relating to the Nomination Committee of the Board of Directors are set out in the Working Rules for the Nomination Committee of the Board of Directors of the Metallurgical Corporation of China Ltd.</p>

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## NOTICE OF THE 2011 ANNUAL GENERAL MEETING

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Proposed amendment	Original	Amendment
Article 27	Article 27 The Board office shall send the written notice of meeting bearing the seal of the Board office to all the Directors, Supervisors and other non-voting representatives by email, fax, express, registered mail or personal delivery 10 days and 5 days before a regular Board meeting and a provisional Board meeting respectively. Where the notice is not served by direct delivery, telephone acknowledgement and relevant records shall be made.	<b>Article 28:</b> The Board office shall send the written notice of meeting bearing the seal of the Board office to all the Directors, Supervisors and other non-voting representatives by email, fax, express, registered mail or personal delivery <b>14 days</b> and 5 days before a regular Board meeting and a provisional Board meeting respectively. Where the notice is not served by direct delivery, telephone acknowledgement and relevant records shall be made.

Notice of the regular Board meeting shall be served by the Board office 14 days in advance upon the Articles of Association applicable to the issue of H Shares by the Company come into effect.

By order of the Board  
**Metallurgical Corporation of China Ltd.\***  
**Kang Chengye**  
*Joint Company Secretary*

Beijing, the PRC  
24 April 2012

*At the date of this notice, the Board of the Company comprises of the following Directors: Mr. Jing Tianliang (non-executive Director), Mr. Wang Weimin (executive Director), Mr. Shen Heting (executive Director), Mr. Guo Wenqing (non-executive Director), Mr. Jiang Longsheng (independent non-executive Director), Mr. Wen Keqin (independent non-executive Director), Mr. Liu Li (independent non-executive Director), Mr. Chen Yongkuan (independent non-executive Director), Mr. Cheung Yukming (independent non-executive Director).*

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## NOTICE OF THE 2011 ANNUAL GENERAL MEETING

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*Notes:*

- (1) In order to determine the list of shareholders who are entitled to attend the AGM, the registers of members of the Company will be closed from Wednesday, 16 May 2012 to Friday, 15 June 2012, both days inclusive, during which period no transfer of shares will be effected. In order to attend and vote at the AGM, holders of H shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, at or before 4:30 p.m. on Tuesday, 15 May 2012.
- (2) A Shareholder entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company. Where a shareholder appoints more than one proxy, his proxies may only vote in a poll.
- (3) The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorised in writing. If the shareholder is a corporation, that instrument must be either under its common seal or under the hand of its director(s) or duly authorised attorney(s). If that instrument is signed by an attorney of the shareholder, the power of attorney authorising that attorney to sign or other authorisation document must be notarised.
- (4) In order to be valid, the form of proxy together with the power of attorney or other authorisation document (if any) must be deposited at the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, for the holders of the H shares and to the Company's office of the Board at MCC Tower, No. 28, Shuguang Xili, Chaoyang District, Beijing, 100028, the People's Republic of China, for the holders of the A shares, not less than 24 hours before the AGM.
- (5) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer, or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no notice in writing of these matters shall have been received by the Company prior to the commencement of the AGM.
- (6) For information purpose only, Shareholders who intend to attend the AGM in person or by proxy shall return the reply slip to the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, and for holders of the A shares of the Company, to the office of the Board of the Company at MCC Tower, No. 28, Shuguang Xili, Chaoyang District, Beijing, 100028, the People's Republic of China, on or before 26 May 2011 by hand, by post or by fax.
- (7) The address and contact details of the H share registrar of the Company, Computershare Hong Kong Investor Services Limited, are as follows: Shops 1712-16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Tel: (852) 2862 8555 Fax: (852) 2865 0990
- (8) The address and contact details of the office of the Board of the Company are as follows: MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, People's Republic of China. Tel: (8610) 5986 8666 Fax: (8610) 5986 8999
- (9) In accordance with the Company's articles of association, where two or more persons are registered as the joint holders of any share, only the person whose name appears first in the register of members shall be entitled to receive this notice, to attend and exercise all the voting rights attached to such share at the AGM, and this notice shall be deemed to be given to all joint holders of such share.
- (10) The AGM is expected to be concluded within 2 hours 30 minutes. Shareholders (in person or by proxy) attending the AGM are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the AGM shall produce their identity documents.

\* *For identification purpose only*