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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)

**SUPPLEMENTAL ANNOUNCEMENT  
REVISION OF ANNUAL CAPS FOR TRANSACTIONS WITH  
CHINA MINMETALS GROUP**

Reference is made to the announcement of the Company dated 29 October 2018 (the “**Announcement**”), in relation to, among others, the revision of annual caps for the transactions of engineering construction (expenses) under the Framework Agreement entered into between the Company and China Minmetals for the two years ending 31 December 2019. Unless otherwise specified, capitalised terms in this announcement have the same meanings as defined in the Announcement.

The Board would like to provide further information in relation to the basis for determining the revised annual caps for the transactions of engineering construction (expenses) as follows:

**Basis for determining the revised annual cap for 2018:**

In estimating the revised annual cap for the transactions of engineering construction (expenses) for 2018, the Company has mainly considered the construction progress of the project of copper, lead and zinc industrial base (the “**Project**”), which is a general contracting project won by China ENFI Engineering Co., Ltd. (“**China ENFI**”), a subsidiary of the Company, through bidding process. China ENFI sub-contracted part of the construction work under the Project to The 23rd Metallurgical Construction Group Co., Ltd. (the “**23rd Metallurgical**”), a subsidiary of China Minmetals. The construction costs for such sub-contracting projects shall be included in the annual caps for the transactions of engineering construction (expenses).

Although the actual amount of the transactions of engineering construction (expenses) was only approximately RMB276 million for the nine months ended 30 September 2018, given that the Project is required by the owner to be completed by 31 December 2018 and assuming that 23rd Metallurgical completes its sub-contracting projects by such deadline, it is expected that China ENFI will settle a large amount of construction costs with 23rd Metallurgical in the fourth quarter of 2018 and the accumulative amount payable by China ENFI to 23rd Metallurgical in 2018 will be approximately RMB900 million.

Based on the above and for the purposes of retaining a certain amount for similar transactions to be conducted by other subsidiaries of the Company, the Company revised the annual cap for the transactions of engineering construction (expenses) for 2018 to RMB1,240 million.

#### **Basis for determining the revised annual cap for 2019:**

Despite the fact that the Project is required by the owner to be completed by 31 December 2018, various factors, such as weather, supply of equipment, result of trial run and environmental protection approval, may affect the construction progress and bring uncertainty to the completion schedule. Furthermore, payments for construction costs are usually made on a deferred basis in practice. As such, in estimating the revised annual cap for the transactions of engineering construction (expenses) for 2019, the Company has taken into account from a prudent perspective the possibility that the construction of the Project is not completed as scheduled or the payment in connection therewith is not made by 31 December 2018, in which case, the relevant construction costs will be settled in 2019. According to the current construction progress of the Project, the Company has reserved an amount of approximately RMB396 million for payment to 23rd Metallurgical in 2019 for its undertaking of the sub-contracting projects.

In addition, other subsidiaries of the Company also intend to participate as general contractors in certain major construction projects in China and overseas that may be launched in 2019 through bidding process. As certain subsidiaries of China Minmetals specializing in engineering construction and scientific research and design have technological advantages in areas of non-ferrous mining and smelting engineering construction, and possess sophisticated construction and management experiences, such companies may, during the bidding process for selecting sub-contractors for the above major construction projects, win the bids for the sub-contracting projects. Therefore, the Company has reserved an amount of approximately RMB600 million for such sub-contracting projects that may arise for transactions of engineering construction (expenses).

Based on the above and for the purposes of retaining a certain amount for unplanned transactions, the Company revised the annual cap for the transactions of engineering construction (expenses) for 2019 to RMB1,320 million.

For the above reasons, the Directors are of the view that the revision of the annual caps for the transactions of engineering construction (expenses) for 2018 and 2019 and the basis for determining the revised annual caps are fair and reasonable.

By order of the Board  
**Metallurgical Corporation of China Ltd.\***  
**Li Yuzhuo**  
*Joint Company Secretary*

Beijing, the PRC  
15 November 2018

*As at the date of this announcement, the Board of the Company comprises two executive Directors: Mr. Guo Wenqing and Mr. Zhang Zhaoxiang; two non-executive Directors: Mr. Jing Tianliang and Mr. Lin Jinzhen; and three independent non-executive Directors: Mr. Yu Hailong, Mr. Ren Xudong and Mr. Chan Ka Keung Peter.*

\* *For identification purpose only*