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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)

CONNECTED TRANSACTION

ACQUISITION OF 50% EQUITY INTEREST IN MCC MINGHENG

The Board announced that on 20 April 2020, MCC Real Estate (a wholly-owned subsidiary of the Company) (as a transferee), Minmetals Trust (as a transferor) and MCC Mingheng (as a target company) entered into the Equity Transfer Agreement, pursuant to which MCC Real Estate acquired 50% equity interest in MCC Mingheng from Minmetals Trust at a consideration of RMB36,511,839.96. MCC Real Estate currently holds 50% equity interest in MCC Mingheng. Upon completion of the Transaction, MCC Real Estate will hold 100% equity interest in MCC Mingheng.

Minmetals Trust, as a non-wholly owned subsidiary of China Minmetals (the indirect controlling shareholder of the Company), is a connected person of the Company. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

I. BACKGROUND

Reference is made to the announcement of the Company dated 31 March 2020 in relation to the proposed acquisition of 50% equity interest in MCC Mingheng by MCC Real Estate, a wholly-owned subsidiary of the Company.

The Boards announced that on 20 April 2020, MCC Real Estate (as a transferee), Minmetals Trust (as a transferor) and MCC Mingheng (as a target company) entered into the Equity Transfer Agreement, pursuant to which MCC Real Estate acquired 50% equity interest in MCC Mingheng from Minmetals Trust. MCC Real Estate currently holds 50% equity interest in MCC Mingheng. Upon completion of the Transaction, MCC Real Estate will hold 100% equity interest in MCC Mingheng.

II. EQUITY TRANSFER AGREEMENT

The principal transaction terms of the Equity Transfer Agreement are as follows:

Parties

Transferor: Minmetals Trust

Transferee: MCC Real Estate

Target company: MCC Mingheng

Transfer target

According to the Equity Transfer Agreement, MCC Real Estate will acquire 50% equity interest in MCC Mingheng held by Minmetals Trust. Upon completion of the Transaction, MCC Real Estate will hold 100% equity interest in MCC Mingheng, and MCC Mingheng will become an indirect wholly-owned subsidiary of the Company.

Consideration

The consideration of the Transaction is RMB36,511,839.96. Such consideration was based on the estimate of value of MCC Mingheng as at 31 December 2019 as prepared by an independent third-party valuer, which was determined by both parties after negotiation. MCC Real Estate shall pay the full amount of the consideration to Minmetals Trust in a lump sum on the withdrawal benchmark date specified in the Equity Transfer Agreement (i.e. 20 April 2020).

MCC Real Estate will pay the consideration of the Transaction in cash.

Completion

Minmetals Trust shall transfer its equity interest in MCC Mingheng to MCC Real Estate on the withdrawal benchmark date, and will cease to enjoy all shareholders' rights of MCC Mingheng. Minmetals Trust shall also assist MCC Real Estate in completing the registration procedures with respect to the change in equity interest of MCC Mingheng.

III. INFORMATION ON MCC MINGHENG

MCC Mingheng was established in June 2016 with a registered capital of RMB60 million. As at the date of this announcement, each of Minmetals Trust and MCC Real Estate had contributed RMB30 million (fully paid) in cash and thus held 50% equity interest in MCC Mingheng. MCC Mingheng is principally engaged in real estate development, sales of self-developed commercial housing, property management, real estate information consulting and house leasing. MCC Mingheng is mainly responsible for the development of the MCC Yijing Mansion Project, which is located in Hengqin New District of Zhuhai City. It is a low-density residential project with an area of approximately 169,300 square meters, and the total construction area is not more than 227,800 square meters, with a comprehensive plot ratio of 1.35.

Based on the financial statements prepared by MCC Mingheng in accordance with the China Accounting Standards for Business Enterprises, as at 31 December 2019, (a) its total assets amounted to approximately RMB7.91 billion; (b) its total liabilities amounted to approximately RMB7.846 billion; (c) its owner's equity amounted to RMB63.7762 million; and (d) the total profit and net profit of MCC Mingheng for the following two financial years are as follows:

	For the year ended	
	31 December	
	2019	2018
	<i>(RMB million)</i>	
Total profit	5.03	0
Net profit	3.76	0

IV. REASONS FOR AND BENEFITS OF THE TRANSACTION

Recently, Minmetals Trust intends to withdraw from the subsequent development and construction of the MCC Yijing Mansion Project. MCC Real Estate, being a shareholder of MCC Mingheng, is well-satisfied with the economic indicators of the MCC Yijing Mansion Project. In addition, upon acquisition of 50% equity interest in MCC Mingheng from Minmetals Trust, MCC Mingheng will be wholly-owned by MCC Real Estate and will greatly improve the efficiency and quality of its decision-makings which is conducive to the smooth progress of the MCC Yijing Mansion Project and will further release the project revenue. Therefore, MCC Real Estate intends to acquire 50% equity interest in MCC Mingheng from Minmetals Trust.

The Directors (including independent non-executive Directors) believe that the Transaction is conducted on normal commercial terms and entered into in the ordinary and usual course of business of the Group, which is fair and reasonable, and is in the interest of the Company and its shareholders as a whole. Mr. Guo Wenqing, Mr. Zhang Zhaoxiang and Mr. Lin Jinzhen, who hold positions in China Minmetals or its subsidiaries, have abstained from voting on the resolution of the Board to approve the Transaction.

V. LISTING RULES IMPLICATIONS

Minmetals Trust, as a non-wholly owned subsidiary of China Minmetals (the indirect controlling shareholder of the Company), is a connected person of the Company. As such, the Transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of the Transaction are more than 0.1% but less than 5%, the Transaction is subject to the reporting and announcement requirements, but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

VI. GENERAL INFORMATION

The Group and MCC Real Estate

The Group has strong capabilities in metallurgical engineering. It is a large multinational conglomerate operating in various specialized fields across different industries, with engineering contracting, property development, equipment manufacturing and resources development as its principal businesses.

MCC Real Estate, a wholly-owned subsidiary of the Company, is principally engaged in real estate development, sales of commercial housing, real estate information consulting, commissioned property management, project investment and other businesses.

China Minmetals and Minmetals Trust

China Minmetals is a wholly state-owned enterprise established in the PRC. It is an integrated enterprise group with metal and mineral business as its core business, trade as its basis, resources as its support, science, industry and trade as a whole, and with upstream and downstream extension.

Minmetals Trust is a non-wholly owned subsidiary of China Minmetals, which is a non-bank financial institution specialized in trust business within the group of China Minmetals.

DEFINITIONS

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

“Board”	the board of Directors
“China Minmetals”	China Minmetals Corporation* (中國五礦集團有限公司), a state wholly-owned enterprise established in the PRC under the direct control of the State-owned Assets Supervision and Administration Commission of the State Council and an indirect controlling shareholder of the Company
“Company”	Metallurgical Corporation of China Ltd.* (中國冶金科工股份有限公司), a joint stock limited company with limited liability incorporated under the laws of the PRC on 1 December 2008
“connected persons(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholders”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Equity Transfer Agreement”	the equity transfer agreement dated 20 April 2020 entered into by and among Minmetals Trust, MCC Real Estate and MCC Mingheng
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MCC Mingheng”	Zhuhai MCC Mingheng Real Estate Co., Ltd.* (珠海中冶名恒置業有限公司), a company with limited liability established in the PRC and is owned as to 50% by MCC Real Estate and 50% by Minmetals Trust as at the date of this announcement
“MCC Real Estate”	MCC Real Estate Group Co., Ltd.* (中冶置業集團有限公司), a company with limited liability established in the PRC and a wholly-owned subsidiary of the Company

“Minmetals Trust”	Minmetals International Trust Co., Ltd.* (五礦國際信託有限公司), a company with limited liability established in the PRC, a non-wholly owned subsidiary of China Minmetals and a connected person of the Company
“PRC”	the People’s Republic of China, and for the sole purpose of this announcement, excluding Hong Kong Special Administrative Region, Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transaction”	the acquisition of 50% equity interest in MCC Mingheng from Minmetals Trust by MCC Real Estate

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

Beijing, the PRC
21 April 2020

As at the date of this announcement, the Board comprises two executive Directors: Mr. Guo Wenqing and Mr. Zhang Zhaoxiang; four independent non-executive Directors: Mr. Zhou Jichang, Mr. Yu Hailong, Mr. Ren Xudong and Mr. Chan Ka Keung, Peter; and one non-executive Director: Mr. Lin Jinzhen.