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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 ON
THE CAPITAL INCREASE IN GENERTEC MINMETALS**

Reference is made to the announcement of Metallurgical Corporation of China Ltd.* (the “**Company**”) dated 2 June 2020 (the “**Announcement**”) in relation to, among others, the acquisition by the MCC Investors of 20.67% equity interest in Genertec Minmetals. Unless otherwise required by the context, the terms used in this announcement shall have the same meanings as those defined in the Announcement.

The Company wishes to provide the following additional information of the Transaction:

Accounting treatment of the investment of the MCC Investors in Genertec Minmetals

Genertec Minmetals will not become a subsidiary of the Company as a result of the Transaction and its accounts will not be consolidated in the accounts of the Group. The investment of the MCC Investors in Genertec Minmetals will be recorded as a long-term equity investment in the accounts of the Group.

Corporate governance of Genertec Minmetals

The Company wishes to clarify that the numbers of directors and supervisors of Genertec Minmetals that may be nominated by the relevant parties as disclosed in the Announcement reflect the nomination rights of the original shareholders of Genertec Minmetals before the Transaction.

Although the MCC Investors do not have any representative in the board of directors or the supervisory committee of Genertec Minmetals at the current stage, the Company still considers the terms of the Transaction are fair and reasonable for the following reasons:

- The size of the Transaction is not significant to the Company. The highest percentage ratio of the Transaction is only 0.36%, slightly exceeding the *de minimis* exemption threshold under Chapter 14A of the Listing Rules. The MCC Investors will only hold an aggregate of 20.67% equity interest in Genertec Minmetals upon completion of the Transaction, less than both of Universal Hospital Investment and the Minmetals Investors. Genertec Minmetals will not become a subsidiary of the Company, and Group has no intention to be involved in the daily management of Genertec Minmetals.
- As disclosed in the Announcement, the main reason for the Transaction from the perspective of the Group is to dispose of the Target Assets and focus more on its main business. The Company has considered the overall terms and conditions in assessing the merits of the Transaction. The mere fact that the MCC Investors do not have the nomination rights at this stage does not affect the Company's overall view on the fairness and reasonableness of the Transaction.
- The Company has been informed that the Minmetals Investors are considering a further injection of assets to Genertec Minmetals (the “**Assets Injection**”), which is expected to materialize by the end of 2020, subject to approval by the regulatory authorities. In consideration for the Assets Injection, the Minmetals Investors may obtain additional equity interest in Genertec Minmetals, which may result in a further change of shareholding ratios of the parties (including MCC Investors) in Genertec Minmetals. As at the date of this announcement, no agreement has been entered into among the parties in respect of the Assets Injection, and the shareholding ratios of the parties in Genertec Minmetals upon completion of the Assets Injection remain uncertain. The parties have decided to adjust the numbers of their representatives in the board of directors and the supervisory committee of Genertec Minmetals based on their shareholding ratios upon completion of both the Transaction and the Assets Injection. The parties have agreed not to change the nomination rights at this stage to avoid frequent adjustment to the corporate governance structure and amendment to the articles of association during a short period of time, thus maintaining the stable operation of Genertec Minmetals.

Further announcement(s) will be made by the Company when the Assets Injection materialize and the adjustment of board representatives of the parties is confirmed.

Ultimate beneficial owners of CITIC Capital

The holding company of CITIC Capital is CITIC Capital Holdings Limited (“**CITIC Holdings**”). CITIC Holdings is effectively owned by institutional shareholders, which include CITIC Limited (0267.HK, 19.90%), Tencent Holdings Limited (0700.HK, 20.70%), Fubon Financial Holding Co., Ltd. and its affiliate (2881.TW, 19.92%), Qatar Holding LLC (sovereign wealth fund of Qatar, 18.73%), and its management (managing director and above, 20.75%). In this group of management shareholders, the top five individuals collectively hold 10.69% of the equity interest in CITIC Holdings.

To the Directors’ knowledge, information and belief, having made all reasonable enquiries, the ultimate beneficial owners of CITIC Capital do not have any business or other relationship with the Company and its connected persons.

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

Beijing, the PRC
18 June 2020

As at the date of this announcement, the board of directors of the Company 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. Ng, Kar Ling Johnny; and one non-executive director: Mr. Lin Jinzhen.

** For identification purpose only*