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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)

ANNOUNCEMENT

CONTINUING CONNECTED TRANSACTIONS AND DISCLOSEABLE TRANSACTIONS

References are made to the announcements of the Company dated 8 December 2015, 28 January 2016, 15 February 2016, 19 February 2016, 9 May 2016 and 12 August 2016, in relation to, among others, the Strategic Restructuring between CMGC, the direct controlling shareholder of the Company, and China Minmetals. Upon completion of the Strategic Restructuring, China Minmetals will hold the entire equity interest of CMGC and will thus become the indirect controlling shareholder of the Company, and CMGC will continue to be the direct controlling shareholder of the Company. As at the date of this announcement, the Strategic Restructuring has not been completed. The Company expects that the Strategic Restructuring will be completed soon.

Prior to the Strategic Restructuring, the Group has maintained a long-term business cooperation relationship with China Minmetals Group in various aspects and it is expected that the scope of business cooperation between the parties will be more extensive upon completion of the Strategic Restructuring. As such, the Company proposed to enter into the Framework Agreement with China Minmetals, pursuant to which the Group and China Minmetals Group intended to conduct various transactions, including sale and purchase of materials, engineering construction, asset financing services, production and maintenance services, metallurgical and management services and property leasing.

LISTING RULES IMPLICATIONS

CMGC, the direct controlling shareholder of the Company, holding approximately 59.18% of the total issued shares of the Company, is a connected person of the Company. Upon completion of the Strategic Restructuring, China Minmetals will hold the entire equity interest of CMGC and will thus become the indirect controlling shareholder of the Company, and therefore a connected person of the Company. As such, the transactions under the Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

- (i) As the applicable percentage ratios as defined under the Listing Rules in respect of the annual caps for the transactions involving sale and purchase of materials, engineering construction, and factoring services and finance leasing services under the Framework Agreement are more than 5%, such transactions are subject to the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.
- (ii) As the applicable percentage ratios as defined under the Listing Rules in respect of the aggregated annual caps for the transactions involving production and maintenance services, and metallurgical and management services under the Framework Agreement are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement and annual review requirements, but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.
- (iii) As the applicable percentage ratios as defined under the Listing Rules in respect of the annual caps for the property leasing under the Framework Agreement are less than 0.1%, the property leasing is exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.
- (iv) Pursuant to Rule 14A.90 of the Listing Rules, the transactions on credit services provided by China Minmetals Group to the Group under the Framework Agreement are exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements as the credit services constitute financial assistance provided by a connected person for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted in respect of the financial assistance.

As the applicable percentage ratios as defined under the Listing Rules in respect of the aggregated annual caps for the factoring services and finance leasing services provided by China Minmetals Group to the Group under the Framework Agreement are more than 5% but less than 25%, the factoring services and finance leasing services provided by China Minmetals Group to the Group also constitute disclosable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Gram Capital Limited, a corporation licensed to carry out business in Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed by the Company as the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the sale and purchase of materials, engineering construction, and factoring services and finance leasing services under the Framework Agreement.

The Company will seek approval from the Independent Shareholders in respect of the sale and purchase of materials, engineering construction, and factoring services and finance leasing services under the Framework Agreement at the forthcoming annual general meeting. A circular containing, among others, details on the Framework Agreement, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, and a letter of advice from the independent financial advisor to the Independent Board Committee and the Independent Shareholders will be dispatched to shareholders on or before 9 June 2017 as additional time is required to prepare and finalize certain information for inclusion in the circular. In view of China Minmetals' interests in the transactions under the Framework Agreement, CMGC, an associate of China Minmetals, will abstain from voting to approve the sale and purchase of materials, engineering construction, and factoring services and finance leasing services under the Framework Agreement at the annual general meeting.

Upon obtaining the approval of the Independent Shareholders at the annual general meeting, the Company and China Minmetals will enter into the Framework Agreement.

BACKGROUND INFORMATION

References are made to the announcements of the Company dated 8 December 2015, 28 January 2016, 15 February 2016, 19 February 2016, 9 May 2016 and 12 August 2016, in relation to, among others, the Strategic Restructuring between CMGC, the direct controlling shareholder of the Company, and China Minmetals. Upon completion of the Strategic Restructuring, China Minmetals will hold the entire equity interest of CMGC and will thus become the indirect controlling shareholder of the Company, and CMGC will continue to be the direct controlling shareholder of the Company. As at the date of this announcement, the Strategic Restructuring has not been completed. The Company expects that the Strategic Restructuring will be completed soon.

Prior to the Strategic Restructuring, the Group has maintained a long-term business cooperation relationship with China Minmetals Group in various aspects and it is expected that the scope of business cooperation between the parties will be more extensive upon completion of the Strategic Restructuring. As such, the Company proposed to enter into the Framework Agreement with China Minmetals, pursuant to which the Group and China Minmetals Group intended to conduct various transactions,

including sale and purchase of materials, engineering construction, asset financing services, production and maintenance services, metallurgical and management services and property leasing.

Upon obtaining the approval of the Independent Shareholders at the annual general meeting, the Company and China Minmetals will enter into the Framework Agreement.

THE MAJOR TERMS OF THE FRAMEWORK AGREEMENT

Parties

- (i) The Company; and
- (ii) China Minmetals

Transaction types

Pursuant to the Framework Agreement, the Group and China Minmetals Group intended to conduct various transactions, including sale and purchase of materials, engineering construction, asset financing services, production and maintenance services, metallurgical and management services and property leasing. The signing of the Framework Agreement will not prejudice the right of either party to select transaction counterparty or conduct similar transactions with third parties. Details of each of the transactions under the Framework Agreement are as follows:

(1) Sale and purchase of materials

The Group will, as a purchaser, purchase steel from China Minmetals Group, and as a supplier, sell bulk materials, such as resource products, to China Minmetals Group. The Group will also sell to and purchase from China Minmetals Group the equipment necessary for general construction contracting and production and operation. The abovementioned suppliers of materials shall also provide relevant logistics services in relation to the materials supplied, including storage, freight forwarding, shipping and land transportation and other services.

(2) Engineering construction

The Group will, as a contractor, provide engineering construction services to China Minmetals Group, including engineering services of engineering, procurement and construction (EPC) and public-private partnership (PPP) projects. In addition, given the regional advantages and construction qualifications of China Minmetals Group in certain areas, the Group will also subcontract part of the construction projects secured from independent third parties in such areas to China Minmetals Group.

(3) *Asset financing services*

Asset financing services include credit services, factoring services and finance leasing services provided to the Group by China Minmetals Group. The details are as follows:

- (i) China Minmetals Group will provide the Group with credit services, which include loans on normal commercial terms, and the Group is not required to provide guarantee or pledge its assets for such credit services.
- (ii) China Minmetals Group will provide factoring services for accounts receivable to the Group. The factoring services will be conducted by way of the transfer by the Group of its accounts receivable to China Minmetals Group and the provision of financing by China Minmetals Group to the Group in an amount which is equivalent to a particular percentage of the amount of the accounts receivable. The factoring period will be determined based on, among others, the due date of the transferred accounts receivable, the financial demand of the Group and the available capital of China Minmetals Group. Such factoring periods normally do not go beyond the due date of the transferred accounts receivable.
- (iii) China Minmetals Group will provide finance leasing services to the Group, including direct leasing services and sale and leaseback services. Direct leasing refers to the direct purchase by China Minmetals Group of new equipment necessary for the Group's operation and the lease of the same by China Minmetals Group to the Group for use. Sale and leaseback refers to the purchase of equipment by China Minmetals Group from the Group and the leaseback of the same to the Group for use. The lease period will be determined based on, among others, the useful life of the leased equipment, the financial demand of the Group and the available capital of China Minmetals Group. Such lease periods normally do not go beyond the useful life of the leased equipment.

(4) *Production and maintenance services*

The Group will, as a service provider, provide maintenance services for equipment, spare parts and production and operation to China Minmetals Group.

(5) *Metallurgical and management services*

The Group will, as a service provider, provide various metallurgical and management services to China Minmetals Group, including power audit, environmental check; the exploration of mines and ore reserves, the observation for the transformation of tailing pond projects, the exploration of geotechnical engineering, the emission, heightening and ground treatment of tailing ponds,

topographical survey of mines and mining areas; informationalized consultation and software development; consultation on investment decision, construction exploration, design, supervision, tender agency, project management and consultation building costs of projects. In addition, China Minmetals Group will, as a service provider, provide financial advisory services in relation to the bonds issued by the Group.

(6) Property leasing

The Group will, as a lessee, lease properties and lands from China Minmetals Group. After the Framework Agreement takes effect, the Properties Leasing Agreement entered into between the Company and CMGC on 5 December 2008 (details of which are set out in the announcement of the Company dated 27 June 2014) will be included in and regulated by the Framework Agreement. The Company currently estimates that the leased properties under the Framework Agreement and the Properties Leasing Agreement are mainly certain units of MCC Tower (located at 28 Shuguangxili, Chaoyang District, Beijing, China), which are used as offices of the Group.

Pricing of the transactions

Pursuant to the Framework Agreement, with respect to the materials and services provided to the Group by China Minmetals Group, China Minmetals has undertaken that it will not and will procure its subsidiaries not to provide relevant materials and services to the Group on terms which are less favourable than those offered to third parties.

Details of the pricing principles for each of the transactions under the Framework Agreement are as follows:

(1) Sale and purchase of materials

The suppliers and prices of steel and equipment will be determined by the open tender process of the purchaser and the result of successful bid will be publicly announced on the website of the purchase platform operated by the purchaser. Upon winning the bid, the parties will enter into a specific purchase contract in which the payment arrangement on the purchase price, generally including prepayments, payments upon goods delivery and completion of inspection and acceptance and quality guarantee deposits, will be specified.

The selling price of bulk materials, such as resource products, offered by the Group to China Minmetals Group will be determined by the parties through negotiation with reference to the prevailing price of international bulk raw materials announced by The London Metal Exchange. The parties will specify the payment arrangement, as well as the standards relevant to logistics transportation and product testing, in the specific purchase contract.

(2) *Engineering construction*

The price of engineering construction projects will be determined through open tender. Pursuant to the relevant laws and regulations for public bidding and tendering in China, the public bidding and tendering results and prices of state-owned projects, state-owned investment projects and those construction projects related to the national economy and the people's livelihood will be announced on the website of the platform of public bidding and tendering of government projects. Upon winning the bid, the parties will enter into a specific construction contract in which the payment arrangement on the construction price (which will be generally paid according to the progress of a particular project or the completion ratio calculated on a monthly basis) will be specified.

(3) *Asset financing services*

Interest from credit services will be determined by the parties through negotiation by reference to the benchmark interest rate of loans for the same period as announced by the PBOC and shall not be higher than the financing cost of similar services which the Group may obtain from independent third parties. The interest will be generally paid on a monthly or quarterly basis and will be specified in the specific contract to be entered into by the parties.

Interest from factoring services and rent of finance leasing services will be determined by the parties through negotiation by reference to the benchmark interest rate of loans for the same period as announced by the PBOC and shall not be higher than the financing cost of similar services which the Group may obtain from independent third parties. The interest, for the purpose of factoring services, and the rent, for the purpose of finance leasing services, will be generally paid on a quarterly basis or half-yearly basis and will be specified in the specific contract to be entered into by the parties.

(4) *Production and maintenance services*

The suppliers and prices of production and maintenance services will be determined by the open tender process of China Minmetals Group, and the result of successful bid will be publicly announced on the website of the purchase platform operated by China Minmetals Group. Upon winning the bid, the parties will enter into a specific service contract in which the payment arrangement on service price (which will be generally paid on a monthly, quarterly or annual basis) will be specified.

(5) *Metallurgical and management services*

The suppliers and prices of metallurgical and management services will be determined by the open tender process of the purchaser, and the result of successful bid will be publicly announced on the website of the purchase platform operated by the purchaser. Upon winning the bid, the parties will enter into a specific service contract in which the payment arrangement on service price (which will be generally paid on a monthly, quarterly or annual basis or according to the progress of services provided) will be specified.

(6) *Property leasing*

The rent is determined by the parties through negotiation with reference to the valuation report on the market price of the leased properties in the same area issued by valuers who are independent third parties. The rent will be generally paid on a quarterly or annual basis and will be specified in the specific leasing contract to be entered into by the parties.

Term

Subject to the approval by the Independent Shareholders at the annual general meeting, the Framework Agreement will be effective for a term of three years from the date of signing by both parties. Subject to compliance with the relevant laws and regulations and the listing rules of the jurisdictions in which the Company is listed, the Framework Agreement may be extended for a term of three years with the consent of both parties.

HISTORICAL DATA

The historical amounts of the above transactions between the Group and China Minmetals Group (including CMGC) for the three years ended 31 December 2016 are as follows:

Unit: RMB0'000

Transaction type	For the year ended 31 December		
	2014	2015	2016
Sale and purchase of materials			
Income	1,539	1,379	3,211
Expenses	6,586	3,110	59,242
Engineering construction			
Income	21,192	64,290	25,939
Expenses	551	2,210	339
Production and maintenance services			
Income	507	280	–
Metallurgical and management services			
Income	–	–	590
Property leasing			
Expenses	4,502	4,386	4,237

For the three years ended 31 December 2016, there were no relevant historical transactions involving asset financing services between the Group and China Minmetals Group (including CMGC).

ANNUAL CAPS

The Company estimates that the annual caps of the transactions under the Framework Agreement for the three years ending 31 December 2019 are as follows:

Unit: RMB0'000

Transaction type	For the year ended 31 December		
	2017	2018	2019
Sale and purchase of materials			
Income	482,000	570,000	691,000
Expenses	1,634,000	1,844,000	2,347,000
Engineering construction			
Income	2,052,000	2,147,000	2,417,000
Expenses	1,900	5,200	5,200
Asset financing services			
Financing amount			
Including: Financing amount			
for factoring services	500,000	500,000	550,000
Financing amount			
for finance leasing			
services	500,000	500,000	550,000
Financing cost			
Including: Interest from			
credit services <i>(Note 1)</i>	60,000	120,000	114,000
Interest from			
factoring services	30,000	30,000	33,000
Rent from finance			
leasing services	30,000	30,000	33,000
Production and maintenance services			
Income	1,300	2,600	3,900
Metallurgical and management services			
Income	16,500	27,600	33,600
Expenses	3,000	4,500	7,500
Property leasing			
Expenses <i>(Note 2)</i>	5,000	5,100	5,200

Notes:

- Pursuant to Rule 14A.90 of the Listing Rules, credit services are exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements as the credit services constitute financial assistance provided by a connected person for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted in respect of the financial assistance.

2. After the Framework Agreement takes effect, the Properties Leasing Agreement entered into between the Company and CMGC on 5 December 2008 will be included in and regulated by the Framework Agreement. The Company currently estimates that the leased properties under the Framework Agreement and the Properties Leasing Agreement are mainly certain units of MCC Tower. As some of the subsidiaries of the Company have purchased their own properties in recent years and will no longer rent units in MCC Tower, the annual caps for the abovementioned property leasing transactions under the Framework Agreement are lower than the original annual caps under the Properties Leasing Agreement. After the Framework Agreement takes effect, the original annual caps under the Properties Leasing Agreement will be revoked and substituted by the abovementioned annual caps.

In determining the annual caps for the transactions of sale and purchase of materials, the Company mainly made reference to the sale and purchase plan of the Group for each type of materials for the next three years, particularly the demand of construction projects (such as EPC and PPP projects) for steel and equipment, as well as the latest sale and purchase prices of relevant materials on the market.

In determining the annual caps for the transactions of engineering construction, the Company mainly made reference to the investment plan formulated under the strategic development plan of China Minmetals Group and the expected building cost of such engineering projects for which the Group intended to participate in the bidding process, and such building cost was estimated with reference to the investment amount of similar projects within the same region.

In determining the annual caps for factoring services and finance leasing services, the Company has considered the future business development plan of the Group and the demand for factoring services and finance leasing services from China Minmetals Group in the Group's daily operation and development; the current condition of the financing market, interest rate level and potential adjustment to the RMB benchmark loan interest rate to be made by the PBOC; the nature and value of the accounts receivable and leased assets; and the due date of accounts receivable and estimated useful life of leased assets.

In determining the annual caps for production and maintenance services, the Company mainly made reference to the maintenance plan and project scale of China Minmetals Group for the next three years, to assess and determine the labor hours and estimated the cost of production and maintenance services based on the fixed wages adopted in the regions where the projects are located.

In determining the annual caps for metallurgical and management services, the Company made reference to the construction project plan in which China Minmetals Group intended to invest and the projects of the same type, determined the labor hours and labor unit price and estimated the caps.

In determining the annual caps for property leasing transactions, the Company has considered the historical rent paid to CMGC by the Group pursuant to the Properties Leasing Agreement; the Group's demand for renting the properties held by China Minmetals Group (mainly for the relevant units in MCC Tower); and the prevailing and expected market rents.

PRICING AND INTERNAL CONTROL PROCEDURES

In order to ensure that the prices and terms of the transactions under the Framework Agreement will be no less favourable than those entered into between the Group and independent third parties, the Company has adopted the following measures and procedures:

For transactions under the Framework Agreement of which the suppliers or service providers are determined through the public tender process, if the Group is the tenderer, the Group will invite no less than three entities to participate in the bidding. Relevant business departments of the Group, together with the tender and procurement management center, will establish a tender evaluation committee. The tender evaluation committee will select the suppliers or service providers and determine the transaction prices with reference to, among others, the previous performance results, bidding prices and service quality of each of the bidders. The result of successful bid will be submitted to the persons in charge of the relevant business departments of the Group for consideration and approval. If, after opening the bids, the quotations received from all bidders are higher than the budget of the Group and such quotations are regarded as reasonable prices after analysis, then such bids are still valid, and the Group will adjust and approve the budget according to the relevant policies and procedures. If the Group is a bidder, relevant business departments of the Group will determine the bidding price according to the requirements set forth in the tender documents with reference to the guiding price given by the local government and the market price. The guiding price given by the local government and the market price are published and updated regularly by the competent price bureau of the local government and the Group pays a fee to access such information. The bidding price will be submitted to the persons in charge of the relevant business departments of the Group for consideration and approval.

For transactions under the Framework Agreement of which the prices are determined by the parties through negotiation (such as the sale of bulk materials, such as resources products, by the Group to China Minmetals Group, and the provision of credit services, factoring services and finance leasing services by China Minmetals Group to the Group), relevant business departments of the Group will make reference to the prices of similar transactions between the Group and independent third parties, and obtain two or more reference prices from the independent third parties, after which the relevant business departments will determine the prices for the transactions and submit the same to the persons in charge of the relevant business departments for consideration and approval.

Relevant business departments of the Group will carry out statistical analysis on the actual transaction amount on a monthly basis so as to monitor the progress of the continuing connected transactions of the Group. The legal affairs department of the Group will review the contracts in relation to connected transactions before execution of the contracts.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE FRAMEWORK AGREEMENT

Sale and purchase of materials: China Minmetals is a comprehensive conglomerate focusing on metal and mineral products business, and possessing trade-based, resource-backed, industry- and trading-integrated and vertically-extended capabilities. Steel trading is one of the traditional businesses of China Minmetals Group that not only possesses advantageous position in the domestic market but is also supported with a sound network of international trading channels, which can provide the Group with stable supply of steel and relevant materials. In addition, China Minmetals Group is able to offer steady and quality sales channels for metal resources and products manufactured by subsidiaries of the Company that engage in resource business. Since China Minmetals Group and the Group possess different capabilities in equipment manufacturing, the mutual supply of equipment can create complementary advantages, hence satisfying the needs for particular engineering construction and production and operation.

Engineering construction: China Minmetals Group is a large-scale conglomerate that engages in global operation. By participating in the bidding process for the engineering construction projects of China Minmetals Group, the Group will be able to enlarge its market share, increase its operating revenue, enhance market competitiveness and boost brand awareness so as to facilitate the brand building of the Group. As China Minmetals Group possesses regional advantages in certain regional markets, the subcontracting of partial engineering construction projects located at such regions by the Group to China Minmetals Group is conducive to the Group's reduction of engineering construction costs and acceleration of progress of engineering construction.

Asset financing services: As China Minmetals Group has obtained the full license for its financing business, it is qualified to provide diversified financing services to the Group. In particular, credit services may satisfy the needs of the Group for use of capital and effectively strengthen its cash flow condition; factoring services may optimize financing structure without using the bank facilities of the Group, which will efficiently reduce the accounts receivable of the Group and speed up the return of capital with the aim of promoting the sustainable and healthy development of the Group; finance leasing services may provide unrestricted capital support to the Group for its production and operation by utilizing the existing equipment, which will help the Group monetize fixed assets while maintaining the normal operation of the relevant equipment.

Production and maintenance services and metallurgical and management services:

The Group is equipped with competitive advantages in full industry chain and the capability in providing operation services within full life cycle under an integrated model of engineering construction operation. By providing production and maintenance services and metallurgical and management services as well as other relevant services to China Minmetals Group, the Group will be able to develop its relevant advantages, increase operating revenue and enhance its market share. China Minmetals Group has obtained the full license for its financing business and possesses remarkable advantages in operating trust leasing and other businesses, which will allow it to provide the Group with quality and convenient financial advisory services.

Property leasing: The properties leasing arrangement will enable the Company to secure a long term lease at a relatively stable rental price, and maintain the stability of the Group's office premises and avoid the potential risks arising from directly owning the premises.

The Directors considered that the transactions under the Framework Agreement are entered into on normal commercial terms during the usual and ordinary course of business of the Group, are fair and reasonable, and in the interest of the Company and its shareholders as a whole, and the annual caps for the transactions under the Framework Agreement are fair and reasonable.

Mr. Guo Wenqing, Mr. Zhang Zhaoxiang and Mr. Lin Jinzhen hold positions in China Minmetals and/or CMGC, and they had abstained from the voting on the resolution of the Board to approve the transactions under the Framework Agreement.

LISTING RULES IMPLICATIONS

CMGC, the direct controlling shareholder of the Company, holding approximately 59.18% of the total issued shares of the Company, is a connected person of the Company. Upon completion of the Strategic Restructuring, China Minmetals will hold the entire equity interest of CMGC and will thus become the indirect controlling shareholder of the Company, and therefore a connected person of the Company. As such, the transactions under the Framework Agreement will constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

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- (ii) As the applicable percentage ratios as defined under the Listing Rules in respect of the aggregated annual caps for the transactions involving production and maintenance services, and metallurgical and management services under the Framework Agreement are more than 0.1% but less than 5%, such transactions are subject to the reporting, announcement and annual review requirements, but exempt from the Independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.
- (iii) As the applicable percentage ratios as defined under the Listing Rules in respect of the annual caps for the property leasing under the Framework Agreement are less than 0.1%, the property leasing is exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.
- (iv) Pursuant to Rule 14A.90 of the Listing Rules, the transactions on credit services provided by China Minmetals Group to the Group under the Framework Agreement are exempt from the reporting, announcement, annual review and Independent Shareholders' approval requirements as the credit services constitute financial assistance provided by a connected person for the benefit of the Group on normal commercial terms where no security over the assets of the Group is granted in respect of the financial assistance.

As the applicable percentage ratios as defined under the Listing Rules in respect of the aggregated annual caps for the factoring services and finance leasing services provided by China Minmetals Group to the Group under the Framework Agreement are more than 5% but less than 25%, the factoring services and finance leasing services provided by China Minmetals Group to the Group also constitute disclosable transactions of the Company and are subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Gram Capital Limited, a corporation licensed to carry out business in Type 6 (advising on corporate finance) regulated activities under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), has been appointed by the Company as the independent financial advisor to advise the Independent Board Committee and the Independent Shareholders in respect of the sale and purchase of materials, engineering construction, and factoring services and finance leasing services under the Framework Agreement.

The Company will seek approval from the Independent Shareholders in respect of the sale and purchase of materials, engineering construction, and factoring services and finance leasing services under the Framework Agreement at the forthcoming annual general meeting. A circular containing, among others, details on the Framework Agreement, a letter of recommendation from the Independent Board Committee to the Independent Shareholders, and a letter of advice from the independent financial advisor to the Independent Board Committee and the Independent Shareholders will be dispatched to shareholders on or before 9 June 2017 as additional time is required to

prepare and finalize certain information for inclusion in the circular. In view of China Minmetals' interests in the transactions under the Framework Agreement, CMGC, an associate of China Minmetals, will abstain from voting to approve the sale and purchase of materials, engineering construction, and factoring services and finance leasing services under the Framework Agreement at the annual general meeting.

GENERAL INFORMATION

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

China Minmetals is a state wholly-owned enterprise established in the PRC. It is a comprehensive conglomerate focusing on metal and mineral products business, and possessing trade-based, resource-backed, industry- and trading-integrated and vertically-extended capabilities.

DEFINITIONS

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

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of directors of the Company
“China Minmetals”	China Minmetals Corporation* (中國五礦集團公司), 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
“China Minmetals Group”	China Minmetals and its subsidiaries and associates, including CMGC and its subsidiaries but not including the Group
“CMGC”	China Metallurgical Group Corporation* (中國冶金科工集團有限公司), a state wholly-owned enterprise established in the PRC and the direct controlling shareholder of the Company, which will become a wholly-owned subsidiary of China Minmetals upon completion of the Strategic Restructuring

“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 person(s)”	has the meaning ascribed to it under the Listing Rules
“controlling shareholder(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Framework Agreement”	the “ <i>Mutual Supply of Comprehensive Raw Materials, Products and Services Agreement</i> ” proposed to be entered into between the Company and China Minmetals
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Board Committee”	the independent board committee of the Company formed to consider the sale and purchase of materials, engineering construction, and factoring services and finance leasing services under the Framework Agreement, comprising all independent non-executive Directors, namely, Mr. Yu Hailong, Mr. Ren Xudong and Mr. Chan Ka Keung Peter
“Independent Shareholders”	shareholders of the Company other than CMGC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PBOC”	the People’s Bank of China, the central bank of the PRC
“PRC”	the People’s Republic of China and for the sole purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Properties Leasing Agreement”	the Properties Leasing Agreement entered into between the Company and CMGC on 5 December 2008
“RMB”	Renminbi, the lawful currency of the PRC

“Strategic Restructuring” the strategic restructuring between CMGC and China Minmetals, upon completion of which, China Minmetals will hold the entire equity interest of CMGC and will thus become the indirect controlling shareholder of the Company, and CMGC will continue to be the direct controlling shareholder of the Company

“subsidiary(ies)” has the meaning ascribed to it under the Listing Rules

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

Beijing, the PRC
28 April 2017

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*