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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

DISCLOSEABLE TRANSACTIONS

**INTRODUCTION OF THIRD-PARTY INVESTORS FOR CAPITAL
INCREASE TO CERTAIN SUBSIDIARIES**

On 20 September 2024 and 23 September 2024, the Company entered into the Investment Agreements with the Investors, namely ICBC Investment and ABC Investment, as well as each Target Company and its other equity holders, pursuant to which, the Investors agreed to increase capital to the Target Companies in cash in accordance with the terms and conditions of the respective Investment Agreement. The total amount of capital increase by ICBC Investment and ABC Investment are RMB2,713.33 million and RMB2,700.00 million, respectively. Upon the completion of the Proposed Capital Increase, the Target Companies will remain to be the subsidiaries of the Company, and the Company still has actual control over the Target Companies.

After the Proposed Capital Increase, the Company's equity interest in the Target Companies will be diluted. Therefore, the transactions contemplated under the Investment Agreements constitute deemed disposal transactions of the Company under Chapter 14 of the Listing Rules. The China First Metallurgical Investment Agreement was entered into on 20 September 2024, and the transactions contemplated thereunder, on a standalone basis, did not constitute discloseable transaction of the Company under Chapter 14 of the Listing Rules because the highest applicable percentage ratio was below 5%. Having considered the implications of Rules 14.22 and 14.23 of the Listing Rules, the Company aggregated the transactions contemplated under the Investment Agreements by counterparty (by each Investor). As the highest applicable percentage ratios in aggregate exceed 5% but are less than 25%, the transactions contemplated under the Investment Agreements with ICBC Investment and ABC Investment respectively constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

I. INTRODUCTION

On 20 September 2024 and 23 September 2024, the Company entered into the Investment Agreements with the Investors, namely ICBC Investment and ABC Investment, as well as each Target Company and its other equity holders, pursuant to which, the Investors agreed to increase capital to the Target Companies in cash in accordance with the terms and conditions of the respective Investment Agreement. The total amount of capital increase by ICBC Investment and ABC Investment are RMB2,713.33 million and RMB2,700.00 million, respectively. Upon the completion of the Proposed Capital Increase, the Target Companies will remain to be the subsidiaries of the Company, and the Company still has actual control over the Target Companies.

II. THE INVESTMENT AGREEMENTS

The principal terms of each of the Investment Agreements are substantially the same, which are summarized as follows:

1. Date:

20 September 2024 (in respect of the China First Metallurgical Investment Agreement), and 23 September 2024 (in respect of the remaining Investment Agreements)

2. Parties:

- (1) The Company;
- (2) Relevant Investors;
- (3) Relevant Target Companies; and
- (4) Other equity holders of Target Companies (if any) ^{Note}.

Note:

Such signing parties are other equity holders of China First Metallurgical and Shanghai Baoye in respect of the China First Metallurgical Investment Agreement and Shanghai Baoye Investment Agreement, as China First Metallurgical and Shanghai Baoye are owned as to 98.26% and 98.73% by the Company as of the date of this announcement. For details of such signing parties, please refer to the section headed “VIII. DEFINITIONS” of this announcement.

To the best of the Directors’ knowledge, information and belief after having made all reasonable inquiries, all Investors and their respective ultimate beneficial owners are the independent third parties of the Company and its connected persons.

3. Consideration:

(1) *China First Metallurgical Investment Agreement*

The consideration to be paid by the Investor(s) pursuant to the China First Metallurgical Investment Agreement and the percentage of equity interest in China First Metallurgical to be held by the Investor(s) upon completion of the Proposed Capital Increase are set out below:

| Investor | Consideration (RMB0'000) | Equity interest to be held in China First Metallurgical (%) |
|-----------------|-------------------------------------|--|
| ABC Investment | <u>90,000</u> | <u>9.89</u> |

A contribution of RMB900 million will be made by ABC Investment to acquire 9.89% equity interest in China First Metallurgical.

The consideration under the China First Metallurgical Investment Agreement was determined by the parties through reasonable negotiations with reference to the appraised value of China First Metallurgical as at the Valuation Benchmark Date, being RMB8,087.6009 million, as set out in the valuation report (the “**China First Metallurgical Valuation Report**”) prepared by Chungrui Worldunion using the income approach, net of the estimated profit of RMB491.5807 million to be distributed by China First Metallurgical to the Company for the period from the Valuation Benchmark Date to 31 December 2024.

(2) *MCC Engineering Investment Agreement*

The consideration to be paid by the Investor(s) pursuant to the MCC Engineering Investment Agreement and the percentage of equity interest in MCC Engineering to be held by the Investor(s) upon completion of the Proposed Capital Increase are set out below:

| Investor | Consideration (RMB0'000) | Equity interest to be held in MCC Engineering (%) |
|-----------------|-------------------------------------|--|
| ABC Investment | <u>80,000</u> | <u>9.50</u> |

A contribution of RMB800 million will be made by ABC Investment to acquire 9.50% equity interest in MCC Engineering.

The consideration under the MCC Engineering Investment Agreement was determined by the parties through reasonable negotiations with reference to the appraised value of MCC Engineering as at the Valuation Benchmark Date, being RMB7,644.1266 million, as set out in the valuation report (the “**MCC Engineering Valuation Report**”) prepared by Vocation using the income approach, net of the estimated profit of RMB424.6174 million to be distributed by MCC Engineering to the Company for the period from the Valuation Benchmark Date to 31 December 2024.

(3) MCC 19 Investment Agreement

The consideration to be paid by the Investor(s) pursuant to the MCC 19 Investment Agreement and the percentage of equity interest in MCC 19 to be held by the Investor(s) upon completion of the Proposed Capital Increase are set out below:

| Investor | Consideration (RMB0'000) | Equity interest to be held in MCC 19 (%) |
|-----------------|-------------------------------------|---|
| ICBC Investment | <u>150,000</u> | <u>21.45</u> |

A contribution of RMB1,500 million will be made by ICBC Investment to acquire 21.45% equity interest in MCC 19.

The consideration under the MCC 19 Investment Agreement was determined by the parties through reasonable negotiations with reference to the appraised value of MCC 19 as at the Valuation Benchmark Date, being RMB5,691.0004 million, as set out in the valuation report (the “**MCC 19 Valuation Report**”) prepared by CEA using the income approach, net of the estimated profit of RMB197.9228 million to be distributed by MCC 19 to the Company for the period from the Valuation Benchmark Date to 31 December 2024.

(4) MCC 22 Investment Agreement

The consideration to be paid by the Investor(s) pursuant to the MCC 22 Investment Agreement and the percentage of equity interest in MCC 22 to be held by the Investor(s) upon completion of the Proposed Capital Increase are set out below:

| Investor | Consideration (RMB0'000) | Equity interest to be held in MCC 22 (%) |
|-----------------|-------------------------------------|---|
| ICBC Investment | <u>30,000</u> | <u>4.17</u> |

A contribution of RMB300 million will be made by ICBC Investment to acquire 4.17% equity interest in MCC 22.

The consideration under the MCC 22 Investment Agreement was determined by the parties through reasonable negotiations with reference to the appraised value of MCC 22 as at the Valuation Benchmark Date, being RMB6,155.4582 million, as set out in the valuation report (the “**MCC 22 Valuation Report**”) prepared by CEA using the income approach, net of the estimated profit of RMB262.5604 million to be distributed by MCC 22 to the Company for the period from the Valuation Benchmark Date to 31 December 2024.

(5) Shanghai Baoye Investment Agreement

The consideration to be paid by the Investor(s) pursuant to the Shanghai Baoye Investment Agreement and the percentage of equity interest in Shanghai Baoye to be held by the Investor(s) upon completion of the Proposed Capital Increase are set out below:

| Investor | Consideration (RMB0'000) | Equity interest to be held in Shanghai Baoye (%) |
|-----------------|-------------------------------------|---|
| ICBC Investment | <u>91,333</u> | <u>5.68</u> |

A contribution of RMB913.33 million will be made by ICBC Investment to acquire 5.68% equity interest in Shanghai Baoye.

The consideration under the Shanghai Baoye Investment Agreement was determined by the parties through reasonable negotiations with reference to the appraised value of Shanghai Baoye as at the Valuation Benchmark Date, being RMB15,230.0000 million, as set out in the valuation report (the “**Shanghai Baoye Valuation Report**”) prepared by Shanghai Lixin using the income approach, net of the estimated profit of RMB531.5091 million to be distributed by Shanghai Baoye to the Company for the period from the Valuation Benchmark Date to 31 December 2024.

(6) China Huaye Investment Agreement

The consideration to be paid by the Investor(s) pursuant to the China Huaye Investment Agreement and the percentage of equity interest in China Huaye to be held by the Investor(s) upon completion of the Proposed Capital Increase are set out below:

| Investor | Consideration (RMB0'000) | Equity interest to be held in China Huaye (%) |
|-----------------|-------------------------------------|--|
| ABC Investment | <u>100,000</u> | <u>21.23</u> |

A contribution of RMB1,000 million will be made by ABC Investment to acquire 21.23% equity interest in China Huaye.

The consideration under the China Huaye Investment Agreement was determined by the parties through reasonable negotiations with reference to the appraised value of China Huaye as at the Valuation Benchmark Date, being RMB3,830.6110 million, as set out in the valuation report (the “**China Huaye Valuation Report**”) prepared by CEA using the income approach, net of the estimated profit of RMB120.4737 million to be distributed by China Huaye to the Company for the period from the Valuation Benchmark Date to 31 December 2024.

4. **Payment:**

Pursuant to the Investment Agreements, the Investors shall make capital contributions towards the Target Companies in cash. The Investors' contribution to the Target Companies after the Proposed Capital Increase shall be calculated according to their actual subscribed amounts.

When all of the following conditions precedent have been fulfilled, a notice of payment with the company chops of the Target Companies regarding the capital increase shall be issued to the Investors at the same time, stating the payment date (the "**Scheduled Payment Date**"), the amount of the capital increase to be paid, and the information of the account for the capital increase amount, etc..

After confirming the receipt of the written confirmation of the conditions precedent issued by the Target Companies and the Company and the payment notice issued by the Target Companies, the Investor shall pay the capital increase amount in full and in one lump sum to the designated bank account of the Target Companies on or before the Scheduled Payment Date, and the supervising bank shall supervise the utilisation of the funds.

The Target Companies shall, within 120 working days from the date (inclusive) on which the full amount of the capital increase payment is credited to the capital increase account of the Target Companies ("**Completion Date**"), submit the materials for registration of the change of market entity to the market supervision and management department and complete the registration of the relevant changes and obtain a new business license.

5. **Conditions precedent:**

- (1) The Proposed Capital Increase to proceed by way of non-public agreement having been approved by competent authorities in written documents;
- (2) The Proposed Capital Increase has been completed and has obtained all relevant internal and external approvals and filing procedures (including but not limited to shareholders' approvals in respect of the consent of the Proposed Capital Increase made by the shareholders of the Target Companies, the resolutions of the Board in respect of the consent of the Proposed Capital Increase made by the Company, filing opinions on the valuation reports on the Proposed Capital Increase issued by the state-owned assets appraisal and filing authorities, etc.), and such approvals and filing documents (provision of copies with a seal affixed thereon) have been submitted to the Investors;

- (3) The Investment Agreements in respect of the Proposed Capital Increase (as defined in the section headed “VIII. DEFINITIONS” of this announcement) have been signed by all parties and become effective;
- (4) For the purpose of this capital increase business, the competent decision-making bodies of the Target Companies have issued documents in accordance with their articles and laws and regulations to consent to the Proposed Capital Increase, and the original shareholders of the Target Companies have promised to give up the preemptive right to subscribe for the Proposed Capital Increase by the Investors;
- (5) As of Completion Date, the representations, warranties and commitments made by all parties under the Investment Agreements remain true, complete and accurate;
- (6) As of Completion Date, the financial, business operation and asset status of the Target Companies have not experienced material adverse changes since the signing of the Investment Agreements; and
- (7) From the effective date of the capital increase agreements until the date of issuance of the Company’s confirmation letter regarding the Proposed Capital Increase, there have been no material adverse changes in the equity structure and assets of the Target Companies.

6. Profit or loss during the transition period:

The profit or loss during the transition period shall be jointly enjoyed by the Investors and the original shareholders.

7. Exit arrangements:

The exit arrangements for the Investors include the election of a transaction in which the underlying equity interests held by the Investors are to be exchanged by the Company or its designated third party with the consent of the Investors by the way of private placement of shares or convertible corporate bonds etc. to the Investors (the “**Capital Market Exit**”) or other Capital Market Exit methods. The Capital Market Exit will be completed within 36 months after the Completion Date. In formulating and implementing the Capital Market Exit plan, the pricing of the Target Equity held by the Investors, the issue price of the shares/the transaction price of asset restructuring shall be determined by the parties through negotiations in accordance with the then applicable laws and regulations and industry practices based on the principle of fairness and reasonableness.

8. Right of first refusal and acquisition:

A. Specific circumstances that may trigger the right of first refusal

In the event of the following specific circumstances, the Investors shall have the right to send a solicitation notice of equity transfer to the Company inquiring whether the Company opt to acquiring all or part of the equity interests in the Target Company held by the Investors, and in the event that the Investors chooses to send a written solicitation notice to the Company, the Company shall have the right (but not obligated) to exercise the right of first refusal either on its own or by designating a third party in accordance with the procedures agreed in the Shareholders' Agreement, and the consideration for the acquisition shall be executed at the agreed price as set out in the price below. The specific circumstances include:

- (1) During the period in which the Investors hold the Target Equity, the gearing ratio of the Target Company in terms of the audited consolidated statement of accounts as at the end of any year from the Completion Date exceeds the gearing ratio as agreed in the respective Investment Agreements, and fails to complete the rectification within the period of six (6) months granted by the Investors after the approval of statements.
- (2) During the period in which the Investors hold the Target Equity, circumstances occur that may result in the controlling shareholder's shareholding in the Target Company decreasing to less than 50% (inclusive) or loss of control, or a change in the de facto controller of the Target Company, or the controlling shareholder failing to include the Target Company in its consolidated statements and failing to complete the rectification within the period granted by the Investors.
- (3) The Target Company and the controlling shareholders have violated the Investment Agreements and other transaction documents relating to the capital increase and have failed to complete the rectification within the period granted by the Investors.

- (4) The occurrence of major risk events (including being sued or arbitrated), major violations of law or circumstances that seriously strain the Company's ability to acquire the Target Equity, including, but not limited to, the occurrence of material debt crisis, material breach of contract, being subjected to material penalties by various regulatory agencies, criminal penalties, etc. in the Target Company and failure to complete the rectification within the period granted by the Investors.
- (5) The capital increase agreement is cancelled or terminated.

The Company shall, within 60 working days from the date of receipt of the written notice from the Investors, provide written feedback to the Investors as to whether it shall, on its own or by designating a third party, acquire the Target Equity as set out in the Investor's written notice. The Company shall have the right (but not obligated) to elect to acquire all or part of the equity interests in the Target Company held by the Investors at either of the following prices after the asset appraisal procedures have been complied with in accordance with the law:

Transfer price I: the asset appraisal price confirmed by a qualified asset appraisal institution after appraising the value of the entire equity interest in the Target Company multiplied by the proportion of equity interest in the Target Company held by the Investors;

Transfer price II: amount of capital increase paid by the Investors to the Target Company – sale price of the Target Equity already acquired by the Investors + $(P-D)/0.75$;

P represents the total distributable profit corresponding to the proposed transfer of equity interest by the Investors calculated in accordance with the performance target amount for each year during the period from Completion Date (inclusive) to the transfer price payment date (exclusive).

D represents the profit distribution amount that has actually been received by the Investors during the period in which the Investors held the Target Equity.

B. Acquisition terms

In the event of any of the specific circumstances set out above occurs and the Company does not elect to exercise the right of first refusal on its own or designates a third party to acquire the Target Equity held by the Investors, or if the Company has elected to exercise the right but ultimately fails to pay the equity transfer price in full and on time as well as the default penalty for overdue payment, if any, the Investors shall have the right to elect to exercise all or part of the following rights by means of a written notice to the Company and the Target Company (e.g., the Investors shall have the right to request the shareholders' meeting of the Target Company to consider the issuance of corporate bonds, disposal of assets of the Target Company, etc.), and the Target Company and the Company shall, within the period of time as requested by the Investors, provide the Investors with all the necessary assistance and cooperation in exercising such rights, including but not limited to the completion of necessary procedures, formalities or work matters in accordance with internal resolutions, textual amendments to relevant agreements or articles, internal and external approvals, filings and registrations, etc.. Otherwise, the Investors shall have the right to request the Company to pay the transfer price of the Target Equity calculated in accordance with the aforesaid 'Transfer price II' to the bank account designated by the Investors within 90 working days from the date of the Investors' written notice (such acquisition price shall not exceed the consideration of the Proposed Capital Increase of the relevant Investor), and the equity interest held by the Investors shall be transferred to the Company from the date on which the Investors receive the full payment of the equity transfer price and the default penalty for overdue payment (if any) from the Company, and the Investors shall cooperate with the equity transfer procedures.

III. INFORMATION ON THE PARTIES

As a mega construction central enterprise under China Minmetals, the Company is the world's largest and strongest metallurgical construction contractor and operation service provider, one of the state-recognized major resource enterprises, one of the China's largest steel structure producer with the largest capacity, one of the first 16 central enterprises designated by the State-owned Assets Supervision and Administration Commission of the State Council with main business in real estate development. Its business scope includes engineering contracting, resource development, featured business, comprehensive real estate and other businesses.

ICBC Investment is a limited liability company established in the PRC and a wholly-owned subsidiary of Industrial and Commercial Bank of China Limited (whose A shares are listed on the Shanghai Stock Exchange, stock code: 601398; and whose H shares are listed on the Stock Exchange, stock code: 01398), and is mainly engaged in market-driven debt-for-equity swap business.

ABC Investment is a limited liability company established in the PRC and a wholly-owned subsidiary of Agricultural Bank of China Limited (whose A shares are listed on the Shanghai Stock Exchange, stock code: 601288; and whose H shares are listed on the Stock Exchange, stock code: 01288), and is mainly engaged in market-driven debt-for-equity swap business.

For details of the information on the Target Companies, please refer to the section headed “IV. INFORMATION ON THE TARGET COMPANIES” in this announcement.

IV. INFORMATION ON THE TARGET COMPANIES

(1) Information on China First Metallurgical

China First Metallurgical is a limited liability company established in the PRC. It is a company integrating three main businesses: engineering general contracting, equipment manufacturing and real estate development, with businesses in the fields of municipal services, machinery, electric power, petroleum, chemical industry, light textile industry, transport, building materials and environmental protection.

Based on the audited consolidated financial statements of China First Metallurgical (prepared under PRC GAAP), the net profit before and after taxation and non-recurring items of China First Metallurgical for the years ended 31 December 2022 and 31 December 2023 are as follows:

| | For the year ended 31 December 2022 <i>(RMB million)</i> | For the year ended 31 December 2023 <i>(RMB million)</i> |
|------------------|--|--|
| Operating profit | 1,310.66 | 1,567.90 |
| Net profit | <u>1,131.97</u> | <u>1,335.30</u> |

According to the China First Metallurgical Valuation Report, the audited net asset value of China First Metallurgical as at 31 December 2023 was RMB8,087.6 million.

(2) Information on MCC Engineering

MCC Engineering is a limited liability company established in the PRC. The main businesses of MCC Engineering cover engineering construction general contracting and professional contracting, real estate development, equipment manufacturing, production and sales of commercial concrete.

Based on the audited consolidated financial statements of MCC Engineering (prepared under PRC GAAP), the net profit before and after taxation and non-recurring items of MCC Engineering for the years ended 31 December 2022 and 31 December 2023 are as follows:

| | For the year ended 31 December 2022 <i>(RMB million)</i> | For the year ended 31 December 2023 <i>(RMB million)</i> |
|------------------|--|--|
| Operating profit | 784.89 | 1,355.57 |
| Net profit | <u>662.63</u> | <u>1,161.05</u> |

According to the MCC Engineering Valuation Report, the audited net asset value of MCC Engineering as at 31 December 2023 was RMB7,644.13 million.

(3) Information on MCC 19

MCC 19 is a limited liability company established in the PRC. The main businesses of MCC 19 include metallurgical industry, road, bridge and tunnel, building construction, municipal utilities, energy and environmental protection.

Based on the audited consolidated financial statements of MCC 19 (prepared under PRC GAAP), the net profit before and after taxation and non-recurring items of MCC 19 for the years ended 31 December 2022 and 31 December 2023 are as follows:

| | For the year ended 31 December 2022 <i>(RMB million)</i> | For the year ended 31 December 2023 <i>(RMB million)</i> |
|------------------|--|--|
| Operating profit | 121.88 | 596.20 |
| Net profit | <u>116.69</u> | <u>522.95</u> |

According to the MCC 19 Valuation Report, the audited net asset value of MCC 19 as at 31 December 2023 was RMB5,691 million.

(4) Information on MCC 22

MCC 22 is a limited liability company established in the PRC. The main businesses of MCC 22 are engineering general contracting, real estate development, technical equipment manufacturing and diversified industries.

Based on the audited consolidated financial statements of MCC 22 (prepared under PRC GAAP), the net profit before and after taxation and non-recurring items of MCC 22 for the years ended 31 December 2022 and 31 December 2023 are as follows:

| | For the year ended 31 December 2022 <i>(RMB million)</i> | For the year ended 31 December 2023 <i>(RMB million)</i> |
|------------------|--|--|
| Operating profit | 453.99 | 785.55 |
| Net profit | <u>390.01</u> | <u>669.02</u> |

According to the MCC 22 Valuation Report, the audited net asset value of MCC 22 as at 31 December 2023 was RMB6,155.46 million.

(5) Information on Shanghai Baoye

Shanghai Baoye is a limited liability company established in the PRC. The main businesses of Shanghai Baoye mainly include engineering contracting, equipment manufacturing and real estate development.

Based on the audited consolidated financial statements of Shanghai Baoye (prepared under PRC GAAP), the net profit before and after taxation and non-recurring items of Shanghai Baoye for the years ended 31 December 2022 and 31 December 2023 are as follows:

| | For the year ended 31 December 2022 <i>(RMB million)</i> | For the year ended 31 December 2023 <i>(RMB million)</i> |
|------------------|--|--|
| Operating profit | 1,201.99 | 1,607.58 |
| Net profit | <u>1,036.91</u> | <u>1,434.94</u> |

According to the Shanghai Baoye Valuation Report, the audited net asset value of Shanghai Baoye as at 31 December 2023 was RMB15,230 million.

(6) Information on China Huaye

China Huaye is a limited liability company established in the PRC. China Huaye is mainly engaged in metallurgical engineering construction, large-scale housing construction, thermal power plant construction, mining resources development, mine production contracting, mine construction and highway construction.

Based on the audited consolidated financial statements of China Huaye (prepared under PRC GAAP), the net profit before and after taxation and non-recurring items of China Huaye for the years ended 31 December 2022 and 31 December 2023 are as follows:

| | For the year ended 31 December 2022 <i>(RMB million)</i> | For the year ended 31 December 2023 <i>(RMB million)</i> |
|------------------|--|--|
| Operating profit | 282.03 | 375.88 |
| Net profit | <u>133.14</u> | <u>292.90</u> |

According to the China Huaye Valuation Report, the audited net asset value of China Huaye as at 31 December 2023 was RMB3,830.61 million.

V. REASONS FOR AND BENEFITS OF ENTERING INTO THE TRANSACTIONS

The Company introduces long-term equity funds through the debt-for-equity swap business, and all capital contribution proceeds will be used to repay the respective outstanding liabilities of the Target Companies, mainly bank loans. The debt-for-equity swap can effectively reduce the gearing ratio and the scale of interest-bearing liabilities of the Group, thereby adjusting and optimizing the asset and liability structure. Upon completion of the debt-for-equity swap, the interest-bearing liabilities of the Group will be reduced, which will bring favorable effect to the financial position and operation results of the Group and facilitate the enhancement of core competitiveness and sustainable and healthy development of the Group.

The Directors (including the independent non-executive Directors) are of the view that the transactions contemplated under the Investment Agreements are on normal commercial terms, and are fair and reasonable and in the interests of the Company and the Shareholders as a whole, but are not in the ordinary or usual course of business of the Group due to the nature of such transactions.

VI. FINANCIAL IMPACT OF THE TRANSACTION

As of the date of this announcement, the Company held 98.26%, 100%, 100%, 100%, 98.73% and 100% equity interest in China First Metallurgical, MCC Engineering, MCC 19, MCC 22, Shanghai Baoye and China Huaye, respectively, and such companies are the subsidiaries of the Company.

Upon the completion of the transactions contemplated under the Investment Agreements, the Company will hold 82.06%, 85.75%, 78.55%, 81.93%, 90.31% and 78.77% equity interest in China First Metallurgical, MCC Engineering, MCC 19, MCC 22, Shanghai Baoye and China Huaye, respectively. Such companies will remain to be the subsidiaries of the Company. Therefore, the financial performance and condition of China First Metallurgical, MCC Engineering, MCC 19, MCC 22, Shanghai Baoye and China Huaye will still be consolidated into the financial statements of the Group.

It is expected that the Proposed Capital Increase will not result in any gains or losses for the Company, nor will it have any impact on the profit and loss statement of the Company.

The proceeds from the transaction are expected to be used to repay the Target Companies' outstanding debt, mainly bank loans.

VII. LISTING RULES IMPLICATIONS

After the Proposed Capital Increase, the Company's equity interest in the Target Companies will be diluted. Therefore, the transactions contemplated under Investment Agreements constitute deemed disposal transactions of the Company under Chapter 14 of the Listing Rules. The China First Metallurgical Investment Agreement was entered into on 20 September 2024, and the transactions contemplated thereunder, on a standalone basis, did not constitute discloseable transaction of the Company under Chapter 14 of the Listing Rules because the highest applicable percentage ratio was below 5%. Having considered the implications of Rules 14.22 and 14.23 of the Listing Rules, the Company aggregated the transactions contemplated under the Investment Agreements by counterparty (by each Investor). As the highest applicable percentage ratios in aggregate exceed 5% but are less than 25%, the transactions contemplated under the Investment Agreements with ICBC Investment and ABC Investment respectively constitute discloseable transactions of the Company and are subject to the reporting and announcement requirements but exempt from Shareholders' approval requirement under Chapter 14 of the Listing Rules.

As the valuation under the China First Metallurgical Valuation Report, MCC Engineering Valuation Report, MCC 19 Valuation Report, MCC 22 Valuation Report, Shanghai Baoye Valuation Report and China Huaye Valuation Report adopted income approach, the valuations thereunder constitute profit forecast under Rule 14.61 of the Listing Rules. The Company will issue further announcement within 15 business days after the publication of this announcement in compliance with Rule 14.60A of the Listing Rules.

VIII. DEFINITIONS

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

| | |
|--|---|
| “ABC Investment” | ABC Financial Assets Investment Company Limited* (農銀金融資產投資有限公司), a company with limited liability established in the PRC |
| “associate(s)” | has the meaning ascribed to it under the Listing Rules |
| “Board” | the board of Directors of the Company |
| “CEA” | China Enterprise Appraisals Co., Ltd.* (北京中企華資產評估有限責任公司), a qualified appraisal company in the PRC, which was commissioned by MCC 19, MCC 22 and China Huaye to evaluate their respective equity interest |
| “China First Metallurgical” | China First Metallurgical Group Co., Ltd.* (中國一冶集團有限公司), a company with limited liability established in the PRC |
| “China First Metallurgical Investment Agreement” | the capital increase agreement entered into among the Company, China First Metallurgical, Wuhan Wugang Iron and Steel Green City Technology Development Co., Ltd.* (武漢武鋼綠色城市技術發展有限公司) and ABC Investment on 20 September 2024 |
| “China Huaye” | China Huaye Group Co., Ltd.* (中國華冶科工集團有限公司), a company with limited liability established in the PRC |
| “China Huaye Investment Agreement” | the capital increase agreement entered into among the Company, China Huaye and ABC Investment on 23 September 2024 |
| “China Minmetals” | China Minmetals Corporation* (中國五礦集團公司), a wholly state-owned enterprise established in the PRC under the direct control of the State-owned Assets Supervision and Administration Commission of the State Council, an indirect controlling shareholder of the Company |

| | |
|------------------------------|---|
| “China Minmetals Group” | China Minmetals and its subsidiaries and associates, including CMGC and its subsidiaries but excluding the Group |
| “Chungrui Worldunion” | Chungrui Worldunion Assets Appraisal Group Co., Ltd.* (中瑞世聯資產評估集團有限公司), a qualified appraisal company in the PRC, which was commissioned by China First Metallurgical to evaluate its equity interest |
| “CMGC” | China Metallurgical Group Corporation* (中國冶金科工集團有限公司), a wholly state-owned enterprise established in the PRC, the direct controlling shareholder of the Company, and a wholly-owned subsidiary of China Minmetals |
| “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, and its A shares and H shares are listed on the Shanghai Stock Exchange and the Stock Exchange, respectively |
| “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, including all executive directors, non-executive directors, and independent non-executive directors |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |
| “ICBC Investment” | ICBC Financial Assets Investment Company Limited* (工銀金融資產投資有限公司), a company with limited liability incorporated in the PRC |

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| “Investment Agreement(s)” | China First Metallurgical Investment Agreement, MCC Engineering Investment Agreement, MCC 19 Investment Agreement, MCC 22 Investment Agreement, Shanghai Baoye Investment Agreement and China Huaye Investment Agreement entered into among the Investor(s), the Company, the Target Companies and other shareholders of Target Companies (if any) regarding the Proposed Capital Increase on 23 September 2024, and other supporting agreements entered into in relation to the Proposed Capital Increase, including but not limited to Shareholder Agreements and account supervision agreements |
| “Investor(s)” | ICBC Investment, ABC Investment |
| “Listing Rules” | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as revised, supplemented or otherwise modified from time to time |
| “MCC 19” | China MCC 19 Group Co., Ltd.* (中國十九冶集團有限公司), a company with limited liability established in the PRC |
| “MCC 19 Investment Agreement” | the capital increase agreement entered into among the Company, MCC 19 and ICBC Investment on 23 September 2024 |
| “MCC 22” | China MCC 22 Group Co., Ltd.* (中國二十二冶集團有限公司), a company with limited liability established in the PRC |
| “MCC 22 Investment Agreement” | the capital increase agreement entered into among the Company, MCC 22 and ICBC Investment on 23 September 2024 |
| “MCC Engineering” | China Metallurgical Construction Engineering Group Co., Ltd.* (中冶建工集團有限公司), a company with limited liability established in the PRC |
| “MCC Engineering Investment Agreement” | the capital increase agreement entered into among the Company, MCC Engineering and ABC Investment on 23 September 2024 |

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| “PRC” | the People’s Republic of China and for the sole purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan |
| “PRC GAAP” | the Generally Accepted Accounting Principles in the PRC |
| “Proposed Capital Increase” | the capital injections made by the Investor(s) to China First Metallurgical, MCC Engineering, MCC 19, MCC 22, Shanghai Baoye and China Huaye in accordance with their respective investment agreements |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “Shanghai Baoye” | Shanghai Baoye Group Corp., Ltd.* (上海寶冶集團有限公司), a company with limited liability established in the PRC |
| “Shanghai Baoye Investment Agreement” | the capital increase agreement entered into among the Company, Shanghai Baoye, MCC Construction Research Institute Co., Ltd.* (中冶建築研究總院有限公司), Shanghai Baoheng Economic Development Co., Ltd.* (上海寶恒經濟發展有限公司), Beijing MCC Hekun Tianmian Engineering Technology Co., Ltd.* (北京中冶和坤天冕工程技術有限公司) and ICBC Investment on 23 September 2024 |
| “Shanghai Lixin” | Shanghai Lixin Certified Appraisal Co., Ltd.* (上海立信資產評估有限公司), a qualified appraisal company in the PRC, which has been commissioned by Shanghai Baoye to evaluate its equity interest |
| “Shareholder(s)” | shareholders of the Company |
| “Shareholders’ Agreement(s)” | shareholder agreements entered into among the Investor(s), the Company, the Target Companies and other shareholders of Target Companies (if any) regarding the Proposed Capital Increase on 23 September 2024 |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |
| “subsidiary(ies)” | has the meaning ascribed to it under the Listing Rules |

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| “Target Company(ies)” | China First Metallurgical, MCC Engineering, MCC 19, MCC 22, Shanghai Baoye and China Huaye |
| “Target Equity” | equity interest held by the Investors in the Target Companies respectively after the completion of the Proposed Capital Increase |
| “Valuation Benchmark Date” | 31 December 2023 |
| “Vocation” | Vocation (Beijing) International Assets Appraisal Co., Ltd.* (沃克森(北京)國際資產評估有限公司), a qualified appraisal company in the PRC, which has been commissioned by MCC Engineering to evaluate its equity interest |
| “%” | per cent |

By order of the Board
Metallurgical Corporation of China Ltd.*
Wang Zhen
Joint Company Secretary

Beijing, the PRC
23 September 2024

As at the date of this announcement, the Board comprises executive Director: Mr. Chen Jianguang; non-executive Directors: Mr. Lang Jia and Mr. Yan Aizhong (employee representative director); and independent non-executive Directors: Mr. Zhou Jichang, Mr. Liu Li and Mr. Ng, Kar Ling Johnny.

* *For identification purpose only*