

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement



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
RENEWAL OF CONTINUING CONNECTED TRANSACTIONS**

Reference is made to the announcement of the Company dated 29 June 2018 in relation to (i) the Existing Financial Service Agreement entered into between MCC Finance, a non-wholly owned subsidiary of the Company, and MCC Amperex, and (ii) the Existing Finance Lease Service Agreement entered into between MCC Financial Leasing, a wholly-owned subsidiary of the Company, and MCC Amperex. Such agreements will expire on 31 December 2019.

The Board announces that on 30 August 2019, MCC Finance entered into the New Financial Service Agreement with MCC Amperex, pursuant to which MCC Finance agreed to continue to provide loan and bill discounting services to MCC Amperex for the period from 1 January 2020 to 31 December 2022. On the same day, MCC Financial Leasing entered into the New Finance Lease Service Agreement with MCC Amperex, pursuant to which MCC Financial Leasing agreed to continue to provide finance lease services to MCC Amperex for the period from 1 January 2020 to 31 December 2022.

CMGC, the controlling shareholder of the Company holding approximately 56.18% of the total issued shares of the Company, is a connected person of the Company. MCC Amperex is a non-wholly owned subsidiary of CMGC and is therefore also a connected person of the Company. As such, the transactions under the New Financial Service Agreement and the New Finance Lease Service Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. As each of MCC Finance and MCC Financial Leasing is a subsidiary of the Company and each of the transactions under the New Financial Service Agreement and the New Finance Lease Service Agreement involves the provision of financial assistance, the transactions under the New Financial Service Agreement and the New Finance Lease Service Agreement shall be aggregated under Chapter 14A of the Listing Rules. As the applicable percentage ratios of the cap amounts of such transactions (calculated on an aggregate basis) exceed 0.1% but fall below 5%, the transactions under the New Financial Service Agreement and the New Finance Lease Service Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

BACKGROUND

Reference is made to the announcement of the Company dated 29 June 2018 in relation to (i) the Existing Financial Service Agreement entered into between MCC Finance, a non-wholly owned subsidiary of the Company, and MCC Amperex, and (ii) the Existing Finance Lease Service Agreement entered into between MCC Financial Leasing, a wholly-owned subsidiary of the Company, and MCC Amperex. Such agreements will expire on 31 December 2019.

The Board announces that on 30 August 2019, MCC Finance entered into the New Financial Service Agreement with MCC Amperex, pursuant to which MCC Finance agreed to continue to provide loan and bill discounting services to MCC Amperex for the period from 1 January 2020 to 31 December 2022. On the same day, MCC Financial Leasing entered into the New Finance Lease Service Agreement with MCC Amperex, pursuant to which MCC Financial Leasing agreed to continue to provide finance lease services to MCC Amperex for the period from 1 January 2020 to 31 December 2022.

MAJOR TERMS OF THE NEW FINANCIAL SERVICE AGREEMENT

Date

30 August 2019

Parties

- (i) MCC Finance (a non-wholly owned subsidiary of the Company)
- (ii) MCC Amperex

Nature of Transactions

Under the New Financial Service Agreement, MCC Finance agreed to provide loan and bill discounting services to MCC Amperex on normal commercial terms, and MCC Amperex agreed to pay interests to MCC Finance in this regard.

The parties will enter into specific agreements in relation to the transactions from time to time, which shall be subject to the principles under the New Financial Service Agreement. The entering into of the New Financial Service Agreement will not affect the right of either party to select transaction counterparties or conduct similar transactions with third parties.

Pricing Basis

The interests will be determined after negotiation between the parties by making reference to the benchmark lending rate for the same period as published by the PBOC, and shall not be lower than the interests paid by MCC Amperex to independent third parties for similar services. The interests will generally be paid on a monthly or quarterly basis, which shall be stipulated in the specific agreements to be entered into between the parties.

Term

The New Financial Service Agreement shall be effective on 1 January 2020, and shall expire on 31 December 2022.

MAJOR TERMS OF THE NEW FINANCE LEASE SERVICE AGREEMENT

Date

30 August 2019

Parties

- (i) MCC Financial Leasing (a wholly-owned subsidiary of the Company)
- (ii) MCC Amperex

Nature of Transactions

Under the New Finance Lease Service Agreement, MCC Financial Leasing agreed to provide finance lease services (including direct lease services and sale-and-leaseback services) to MCC Amperex on normal commercial terms, and MCC Amperex agreed to pay rents to MCC Financial Leasing in this regard. Direct lease refers to the direct purchase by MCC Financial Leasing of new equipment necessary for MCC Amperex's operation and the lease of the same to MCC Amperex for use. Sale-and-leaseback

refers to the purchase of equipment by MCC Financial Leasing from MCC Amperex and the leaseback of the same to MCC Amperex for use. The lease period shall be determined based on, among others, the useful life of the leased equipment, the financial needs of MCC Amperex and the available funds of MCC Financial Leasing. Such lease period shall generally not exceed the useful life of the leased equipment.

The parties will enter into specific agreements in relation to the transactions from time to time, which shall be subject to the principles under the New Finance Lease Service Agreement. The entering into of the New Finance Lease Service Agreement will not affect the right of either party to select transaction counterparties or conduct similar transactions with third parties.

Pricing Basis

The rents will be determined after negotiation between the parties by making reference to the benchmark lending rate for the same period as published by the PBOC, and shall not be lower than the rents paid by MCC Amperex to independent third parties for similar services. The rents will generally be paid every 90 days, which shall be stipulated in the specific agreements to be entered into between the parties.

Term

The New Finance Lease Service Agreement shall be effective on 1 January 2020, and shall expire on 31 December 2022.

CAP AMOUNTS

Historical data

For the year ended 31 December 2018 and for the six months ended 30 June 2019, the historical data of transactions under the Existing Financial Service Agreement and the Existing Finance Lease Service Agreement are as follows:

Unit: RMB million

Transaction Type	For the year ended 31 December 2018	For the six months ended 30 June 2019
Connected transactions on financial services		
Including: Daily maximum balance for the provision of loan and bill discounting services	400.00	350.00
Daily maximum balance for the provision of finance lease services	300.00	275.80
Annual caps for interests and rents	12.06	14.09

Cap amounts

The Company estimates that the cap amounts for the transactions under the New Financial Service Agreement and the New Finance Lease Service Agreement for the three years ending 31 December 2022 are as follows:

Unit: RMB million

Transaction Type	For the year ending 31 December 2020	For the year ending 31 December 2021	For the year ending 31 December 2022
Connected transactions on financial services			
Including: Daily maximum balance for the provision of loan and bill discounting services	800	800	800
Daily maximum balance for the provision of finance lease services	500	500	500
Annual caps for interests and rents	88	88	88

In determining the above cap amounts, the Group has considered (i) the financing needs, business conditions, development plans and use of proceeds of MCC Amperex; (ii) the credit rating and assessment on repayment capability conducted by MCC Finance on MCC Amperex; (iii) the prevailing financing market condition, interest rate level and potential adjustments to the RMB benchmark lending rate by the PBOC in the future; and (iv) the nature, value and expected useful life of leased assets.

INTERNAL CONTROL PROCEDURES

MCC Finance and MCC Financial Leasing are subject to the supervision of the CBIRC and are required to comply with the relevant provisions of the CBIRC guidelines on capital risks. Under the guidance and supervision of the CBIRC, MCC Finance and MCC Financial Leasing have established comprehensive risk management systems and formulated internal supervision and control policies to effectively control risks.

MCC Finance has conducted a credit rating on MCC Amperex based on its financial data and creditworthiness, and rated MCC Amperex as AA in 2018. If the operating conditions of MCC Amperex deteriorate or there are unexpected circumstances affecting its repayment capability, MCC Finance will adjust its rating on MCC Amperex and require MCC Amperex to make early repayment or provide additional guarantees as agreed in the specific agreements. MCC Finance will inform MCC Financial Leasing of its rating on MCC Amperex and any changes in a timely manner.

When entering into specific agreements with respect to the relevant transactions, MCC Finance and MCC Financial Leasing will make reference to the prevailing benchmark lending rate for the same period as published by the PBOC and the price paid by MCC Amperex to independent third parties for similar services. Given that the details of all

financing transactions, including acceptance of loan, bill discounting and finance lease services, conducted between MCC Amperex and independent third parties are required to be reported to CMGC, and then be informed by CMGC to the capital department of the Company, MCC Finance and MCC Financial Leasing may obtain the latest price paid by MCC Amperex to independent third parties for similar services by making enquiries to the capital department of the Company. Meanwhile, MCC Finance and MCC Financial Leasing maintain communications with major commercial banks and financial leasing companies in the PRC on a regular basis to keep abreast of the latest market price. Upon obtaining the reference price, the relevant business departments of MCC Finance and MCC Financial Leasing will determine the price of each transaction and report it to the loan approval committee of MCC Finance and the general manager of MCC Financial Leasing, respectively, for approval.

The Company is of the view that the above measures and procedures can reduce the transactional risks of the Group, and ensure that the terms of the transactions between the Group and MCC Amperex will be normal commercial terms and in line with the prevailing interest rate and rents in the market.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS UNDER THE NEW FINANCIAL SERVICE AGREEMENT AND THE NEW FINANCE LEASE SERVICE AGREEMENT

The loan and bill discounting services and finance lease services are provided to MCC Amperex by MCC Finance and MCC Financial Leasing, respectively, in their ordinary and usual course of business, which can increase the operating revenue of MCC Finance and MCC Financial Leasing, and in turn increase the revenue of the Group.

The Directors, including the independent non-executive Directors, are of the view that the transactions under the New Financial Service Agreement and the New Finance Lease Service Agreement are conducted on normal commercial terms in the ordinary and usual course of business of the Group, are fair and reasonable, and in the interests of the Company and its shareholders as a whole, and that the cap amounts for the transactions under the New Financial Service Agreement and the New Finance Lease Service Agreement are fair and reasonable.

Mr. Guo Wenqing, Mr. Zhang Zhaoxiang and Mr. Lin Jinzhen hold positions in CMGC, and have abstained from voting on the resolutions of the Board to approve the transactions under the New Financial Service Agreement and the New Finance Lease Service Agreement.

LISTING RULES IMPLICATIONS

CMGC, the controlling shareholder of the Company holding approximately 56.18% of the total issued shares of the Company, is a connected person of the Company. MCC Amperex is a non-wholly owned subsidiary of CMGC and is therefore also a connected person of the Company. As such, the transactions under the New Financial Service Agreement and the New Finance Lease Service Agreement constitute continuing

connected transactions of the Company under Chapter 14A of the Listing Rules. As each of MCC Finance and MCC Financial Leasing is a subsidiary of the Company and each of the transactions under the New Financial Service Agreement and the New Finance Lease Service Agreement involves the provision of financial assistance, the transactions under the New Financial Service Agreement and the New Finance Lease Service Agreement shall be aggregated under Chapter 14A of the Listing Rules. As the applicable percentage ratios of the cap amounts of such transactions (calculated on an aggregate basis) exceed 0.1% but fall below 5%, the transactions under the New Financial Service Agreement and the New Finance Lease Service Agreement are subject to the reporting, announcement and annual review requirements but are exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

GENERAL INFORMATION

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 Finance is a non-bank financial institution established in May 2007. MCC Finance is principally engaged in providing financial and financing consultation, credit authentication and related consultation and agency services; assisting in achieving the collection and delivery of transaction payment; providing approved insurance brokerage services; providing guarantee, entrusted loan and related investments; handling bill acceptance and discount; absorbing deposits; handling loan and finance lease; engaging in inter-bank borrowing; underwriting enterprise bonds and negotiable securities investment.

MCC Financial Leasing was established in December 2014 and is principally engaged in finance lease, consultation, treatment of residual value and other related businesses approved and permitted by regulatory authorities.

CMGC is one of the largest comprehensive conglomerates of engineering and construction in the PRC and the world and is principally engaged in general contracting of various kinds of domestic and international engineering; various kinds of engineering and technology consulting services and leasing of engineering equipment; technology development, technical services, technical exchange and transfer of technology of new materials, new techniques and new products related to engineering and construction; development, production and sale of equipment required for the metallurgical industry; development and operation of real estate; development and sale of raw materials and products of papermaking; resources development, processing and utilization of metallic mineral products and relevant services.

MCC Amperex is mainly engaged in the development, consultation, transfer and related services of energy conservation and environmental protection technologies and production technologies; manufacturing of power batteries; and import and export of goods and technologies.

DEFINITIONS

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

“Board”	the board of directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission
“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
“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
“Existing Finance Lease Service Agreement”	the finance lease service agreement entered into between MCC Financial Leasing and MCC Amperex on 29 June 2018
“Existing Financial Service Agreement”	the financial service agreement entered into between MCC Finance and MCC Amperex on 29 June 2018
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“MCC Amperex”	MCC Ruimu Amperex Technology Limited* (中冶瑞木新能源科技有限公司), a company with limited liability incorporated under the laws of the PRC, which is held as to 51% by CMGC and is a non-wholly owned subsidiary of CMGC

“MCC Finance”	MCC Finance Corporation Ltd.* (中冶集團財務有限公司), a company with limited liability incorporated under the laws of the PRC and a non-wholly owned subsidiary of the Company
“MCC Financial Leasing”	MCC Financial Leasing Co., Ltd.* (中冶融資租賃有限公司), a company with limited liability incorporated under the laws of the PRC and a wholly-owned subsidiary of the Company
“New Finance Lease Service Agreement”	the finance lease service agreement entered into between MCC Financial Leasing and MCC Amperex on 30 August 2019
“New Financial Service Agreement”	the financial service agreement entered into between MCC Finance and MCC Amperex on 30 August 2019
“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
“RMB”	Renminbi, the lawful currency of the PRC
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules

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

Beijing, the PRC
30 August 2019

As at the date of this announcement, the Board 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. Chan Ka Keung, Peter; and one non-executive Director: Mr. Lin Jinzhen.

* For identification purpose only