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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker, registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in **METALLURGICAL CORPORATION OF CHINA LTD.\***, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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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)

**PROPOSED APPROVAL OF THE PROPOSAL OF THE REPORT ON FINAL  
ACCOUNTS OF THE COMPANY FOR THE YEAR 2020  
PROPOSED APPROVAL OF THE PROPOSAL OF PROFIT DISTRIBUTION  
PLAN OF THE COMPANY FOR THE YEAR 2020  
PROPOSED APPROVAL OF THE PROPOSAL OF THE EMOLUMENTS OF  
DIRECTORS AND SUPERVISORS OF THE COMPANY FOR THE YEAR 2020  
PROPOSED APPROVAL OF THE PROPOSAL OF THE PLAN OF  
GUARANTEES TO BE PROVIDED BY THE COMPANY FOR THE YEAR 2021  
PROPOSED APPROVAL OF THE PROPOSAL OF APPOINTMENT OF THE AUDITOR  
OF THE COMPANY AND INTERNAL CONTROL  
AUDITOR FOR THE YEAR 2021  
AND  
PROPOSED APPROVAL OF THE PROPOSAL OF THE REVISION OF ANNUAL CAPS  
FOR THE ROUTINE CONNECTED TRANSACTIONS/CONTINUING CONNECTED  
TRANSACTIONS FOR THE YEARS OF 2021 AND 2022**

**Independent Financial Adviser to the Independent Board Committee and  
the Independent Shareholders**



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A letter from the Board of Directors of the Company is set out on pages 1 to 17 of this circular. The letter from the Independent Board Committee containing its recommendation to the Independent Shareholders is set out on pages 18 to 19 of this circular. The letter from Gram Capital containing its opinion to the Independent Board Committee and the Independent Shareholders is set out on pages 20 to 31 of this circular.

A notice convening the AGM (as defined in this circular) to be held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the PRC, on Friday, 25 June 2021 at 2 p.m., is set out on pages 75 to 77 of this circular. If you intend to appoint a proxy to attend the AGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares), not less than 24 hours before the time fixed for the holding of the AGM or any adjourned meeting thereof (excluding any public holiday). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or at any adjourned meeting thereof should you so wish.

If you intend to attend the AGM in person or by proxy, you are required to complete and return the accompanying reply slip to Computershare Hong Kong Investor Services Limited (for holders of H Shares) on or before Wednesday, 23 June 2021.

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## CONTENTS

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	<i>Page</i>
<b>DEFINITIONS</b> .....	ii
<b>LETTER FROM THE BOARD</b> .....	1
<b>LETTER FROM THE INDEPENDENT BOARD COMMITTEE</b> .....	18
<b>LETTER FROM GRAM CAPITAL</b> .....	20
<b>GENERAL INFORMATION</b> .....	32
<b>APPENDIX I – PERFORMANCE REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS</b> .....	35
<b>APPENDIX II – WORK REPORT OF THE BOARD</b> .....	50
<b>APPENDIX III – WORK REPORT OF THE SUPERVISORY COMMITTEE</b> .....	69
<b>NOTICE OF THE 2020 ANNUAL GENERAL MEETING</b> .....	75

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## DEFINITIONS

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

“A Shares”	domestic shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are listed on the Shanghai Stock Exchange and traded in RMB;
“AGM”	the 2020 annual general meeting of the Company to be convened and held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the PRC, on Friday, 25 June 2021 at 2 p.m.;
“Articles of Association”	the articles of association of the Company;
“Board” or “Board of Directors”	the board of directors of the Company;
“China Minmetals”	China Minmetals Corporation* (中國五礦集團有限公司), a state wholly-owned enterprise established in the PRC under the direct control of the State-owned Assets Supervision and Administration Commission of the State Council, and the indirect controlling Shareholder of the Company;
“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, the direct controlling Shareholder of the Company, and a wholly-owned subsidiary of China Minmetals;
“Company” or “MCC”	Metallurgical Corporation of China Ltd.* (中國冶金科工股份有限公司), a joint stock company with limited liability incorporated under the laws of the PRC on 1 December 2008, and (unless the context requires otherwise) all of its subsidiaries;
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“controlling Shareholder(s)”	has the same meaning ascribed to it under the Listing Rules;
“Director(s)”	the director(s) of the Company, including all executive, non-executive and independent non-executive Directors;

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## DEFINITIONS

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“EPC”	Engineering, Procurement, Construction;
“Framework Agreement”	the “Mutual Supply of Comprehensive Raw Materials, Products and Services Agreement” entered into between the Company and China Minmetals on 28 April 2019;
“Group”	the Company and all of its subsidiaries;
“H Shares”	overseas listed foreign shares in the ordinary share capital of the Company with a nominal value of RMB1.00 each, which are subscribed for and traded in Hong Kong dollars and are listed on the Hong Kong Stock Exchange;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Independent Board Committee”	the independent board committee of the Company formed to consider the transactions under the Framework Agreement in relation to the sale and purchase of materials (income and expenditure), comprising all independent non-executive Directors, namely, Mr. Zhou Jichang, Mr. Yu Hailong and Mr. Ng, Kar Ling Johnny;
“Independent Financial Adviser” or “Gram Capital”	Gram Capital Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO, being the independent financial adviser appointed by the Company to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions under the Framework Agreement in relation to the sale and purchase of materials (income and expenditure);
“Independent Shareholder(s)”	shareholders of the Company other than CMGC;
“Latest Practicable Date”	17 May 2021, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein;
“Listing Rules”	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;

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## DEFINITIONS

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“Notice”	the notice convening the AGM;
“PRC”	the People’s Republic of China, but for the purposes of this circular, excludes Hong Kong, the Macau Special Administrative Region and Taiwan;
“Ramu New Energy”	MCC Ramu New Energy Technology Company Limited.* (中冶瑞木新能源科技有限公司), a company established in the PRC with limited liability, and a subsidiary of CMGC;
“RMB”	Renminbi, the lawful currency of the PRC;
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong);
“Shareholders”	shareholders of the Company;
“Shares”	share(s) of the Company with a nominal value of RMB1.00 each, which refer(s) to both A Shares and H Shares;
“Supervisors”	the supervisors of the Company;
“Supervisory Committee”	the supervisory committee of the Company; and
“Two Funds”	the accounts receivables and inventories.



**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)

*Directors:*

Mr. Guo Wenqing (*Executive Director*)  
Mr. Zhang Mengxing (*Executive Director*)  
Mr. Zhou Jichang (*Independent Non-executive Director*)  
Mr. Yu Hailong (*Independent Non-executive Director*)  
Mr. Ng, Kar Ling Johnny  
(*Independent Non-executive Director*)  
Mr. Yan Aizhong (*Non-executive Director*)

*Registered Office/Principal place of business  
in the PRC:*

MCC Tower  
No. 28 Shuguang Xili  
Chaoyang District  
Beijing, 100028

*Principal Place of Business in Hong Kong:*

Room 3205, 32/F  
Office Tower Convention Plaza  
1 Harbour Road, Wanchai  
Hong Kong

25 May 2021

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED APPROVAL OF THE PROPOSAL OF THE REPORT ON FINAL  
ACCOUNTS OF THE COMPANY FOR THE YEAR 2020  
PROPOSED APPROVAL OF THE PROPOSAL OF PROFIT DISTRIBUTION  
PLAN OF THE COMPANY FOR THE YEAR 2020  
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DIRECTORS AND SUPERVISORS OF THE COMPANY FOR THE YEAR 2020  
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PROPOSED APPROVAL OF THE PROPOSAL OF THE REVISION OF ANNUAL  
CAPS FOR THE ROUTINE CONNECTED TRANSACTIONS/CONTINUING  
CONNECTED TRANSACTIONS FOR THE YEARS OF 2021 AND 2022**

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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The AGM will be held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the PRC, on Friday, 25 June 2021 at 2 p.m. The Notice set out in this circular contains details of the resolutions to be proposed at the AGM. The proxy form and reply slip for the AGM are enclosed with this circular.

### 1. PROPOSED APPROVAL OF THE PROPOSAL OF THE REPORT ON FINAL ACCOUNTS OF THE COMPANY FOR THE YEAR 2020

According to the requirements of the Ministry of Finance of the PRC, the State-owned Assets Supervision and Administration Commission of the State Council, the China Securities Regulatory Commission, the Shanghai Stock Exchange, the Hong Kong Stock Exchange and institutions at higher levels of the Company for the annual financial report, the Company has completed the preparation work for the financial report for the year 2020, which was audited by WUYIGE Certified Public Accountants LLP (Special General Partnership) (hereinafter referred to as “WUYIGE”), and a standard unqualified audit report was issued.

The key indicators of the Company’s financial final accounts for the year ended 2020 are set out below. For detailed financial information, please refer to the 2020 annual financial report audited by WUYIGE in the annual report.

#### (1) Revenue and profit

In 2020, the operating revenue increased by RMB61.48 billion to RMB400.11 billion, representing a year-on-year growth of 18.2%. Total profit increased by RMB2.14 billion to RMB11.92 billion, representing a year-on-year increase of 21.8%. Net profit increased by RMB1.81 billion to RMB9.38 billion, representing a year-on-year increase of 23.8%. Net profit attributable to the parent company increased by RMB1.26 billion to RMB7.86 billion, representing a year-on-year increase of 19.1%.

#### (2) Cash flows

In 2020, net cash inflow generated from operating activities amounted to RMB28.03 billion, representing a year-on-year increase of inflow of RMB10.45 billion. In 2020, net cash outflow generated from investing activities amounted to RMB12.29 billion, representing a year-on-year increase of outflow of RMB2.45 billion. In 2020, net cash outflow generated from financing activities amounted to RMB5.31 billion, representing a year-on-year decrease of outflow of RMB3.84 billion.

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## LETTER FROM THE BOARD

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### **(3) Assets and liabilities**

As of the end of 2020, total assets of the Company increased by RMB47.89 billion to RMB506.39 billion, representing an increase of 10.4% over the end of previous year. Total liabilities increased by RMB24.44 billion to RMB366.04 billion, representing an increase of 7.2% over the end of previous year. Net assets increased by RMB23.45 billion to RMB140.35 billion, representing an increase of 20.1% over the end of previous year. Gearing ratio was 72.3%, representing a decrease of 2.2 percentage points over the end of previous year.

For detailed financial data of the Company for the year ended 31 December 2020, please refer to the section headed “Financial Statements” in the 2020 annual report of the Company.

The proposal has been considered and approved at the 26th meeting of the third session of the Board of the Company, which are now proposed for consideration and approval at the AGM.

### **2. PROPOSED APPROVAL OF THE PROPOSAL OF PROFIT DISTRIBUTION PLAN OF THE COMPANY FOR THE YEAR 2020**

According to the 2020 audited annual financial report of the Company, the net profit attributable to the Shareholders of the listed company in the consolidated statements of MCC for the year 2020 amounted to RMB7,862.1848 million, and the undistributed profit of the head office of MCC amounted to RMB2,090.2450 million. Based on the total number of 20,723,619,170 Shares in the total Share capital, the Board proposed to distribute a cash dividend of RMB0.75 per 10 Shares (tax inclusive) that added up to a total amount of RMB1,554.27 million, representing 74.36% of the distributable profit and 19.77% of the net profit attributable to the Shareholders of listed company in the consolidated statements, by adopting the way of cash dividend distribution. Upon distribution, the remaining distributable profit amounted to RMB535.97 million.

The proposal has been considered and approved at the 26th meeting of the third session of the Board of the Company, which are now proposed for consideration and approval at the AGM.



## LETTER FROM THE BOARD

### 3. PROPOSED APPROVAL OF THE PROPOSAL OF THE EMOLUMENTS OF DIRECTORS AND SUPERVISORS OF THE COMPANY FOR THE YEAR 2020

According to the relevant requirements of the Articles of Association, the emoluments of the Directors and the Supervisors for the year ended 31 December 2020 are set out below:

#### Directors' and Supervisors' Emoluments

*Unit: RMB*

Name	Basic salaries, housing allowances and other allowances, in total	Pension scheme contributions (Pension Insurance borne by the Company)	Discretionary bonus	Total annual remuneration	Remark
<b>Directors</b>					
Guo Wenqing <sup>Note</sup>	–	–	–	–	Incumbent
Zhang Mengxing	976,008.00	7,540.80	666,000.00	1,649,548.80	Incumbent
Zhou Jichang	273,310.00	–	–	273,310.00	Incumbent
Yu Hailong	274,305.00	–	–	274,305.00	Incumbent
Ng, Kar Ling Johnny	188,600.00	–	–	188,600.00	Incumbent
Yan Aizhong	294,136.00	–	189,400.00	483,536.00	Incumbent
Zhang Zhaoxiang <sup>Note</sup>	–	–	–	–	Resigned
Chan Ka Keung, Peter	75,705.00	–	–	75,705.00	Resigned
Ren Xudong	247,305.00	–	–	247,305.00	Resigned
Lin Jinzhen	353,432.00	7,540.80	359,906.67	720,879.47	Resigned
<b>Supervisors</b>					
Yin Sisong	132,537.00	–	134,965.00	267,502.00	Incumbent
Zhang Yandi	399,868.00	7,540.80	450,140.00	857,548.80	Incumbent
Chu Zhiqi	382,708.00	7,540.80	397,300.00	787,548.80	Incumbent
Cao Xiuyun	441,204.00	4,712.60	521,400.00	967,316.60	Resigned

*Note:* Mr. Guo Wenqing and Mr. Zhang Zhaoxiang, the executive Directors, were transferred out of the salary relations since July 2016 and have not received remuneration from MCC at the end of 2020.

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## LETTER FROM THE BOARD

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#### **4. APPROVAL OF THE PROPOSAL OF THE PLAN OF GUARANTEES TO BE PROVIDED BY THE COMPANY FOR THE YEAR 2021**

The Board proposed that the Company and its subsidiaries provide guarantees of up to RMB11.6 billion (or its equivalent in foreign currency, same as below) in 2021 for the purposes of satisfying the guarantee financing requirements of the Company and its subsidiaries and ensuring their normal production, operation and basic construction.

##### **A. The general guarantee plan to be provided by the head office of the Company and its subsidiaries for the year 2021**

The Company and its subsidiaries plan to provide guarantees of up to RMB7,100 million (exclusive of the letters of guarantee and acceptance bills to be provided by MCC Finance Corporation Ltd.) for the year 2021, representing 7.25% of the audited net assets of the Company attributable to the Shareholders of the listed company as at the end of 2020, which specifically include:

- (a) the guarantees intended to be provided by the head office of MCC for its subsidiaries amounting to not more than RMB3,930 million;
- (b) the guarantees to be provided by subsidiaries of MCC for the entities units which fall within the scope of consolidated statements of MCC amounting to not more than RMB3,170 million.

Guarantees under the above guarantee plan is security as stipulated in the Security Law of the People's Republic of China in the form of general line of credit, loan, letter of guarantee, commercial note and trade financing, etc., and the period of such guarantees will be subject to the financing needs of the guaranteed parties and the guarantee contracts to be entered into.

Within the scope of annual guarantee plan, with the guarantor being unchanged, the guarantee amount for the guaranteed parties being wholly-owned subsidiaries may be shared with other wholly-owned subsidiaries and the guarantee amount for the guaranteed parties being controlling subsidiaries may be shared with other controlling subsidiaries.

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## LETTER FROM THE BOARD

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**B. The Letters of Guarantee and Acceptance Bills to be Issued by MCC Finance Corporation Ltd.**

In 2021, MCC Finance Corporation Ltd., a subsidiary of the Company, is expected to issue letters of guarantee and acceptance bills for the Company and its other subsidiaries with a total amount of RMB4.5 billion (accounting for 4.60% of the audited net assets of the Company attributable to Shareholders of the listed company as at the end of 2020). It can be adjusted and used within the above guarantee plan quota.

**C. Term of the Guarantee Plan**

The above guarantee plan shall have a term from the date on which it is approved at the AGM to the convening date of the 2021 annual general meeting.

A total of 27 guaranteed companies are involved in this guarantee plan, including 5 second-tier subsidiaries and 22 third-tier or below subsidiaries of the Company.

**D. AUTHORIZATION TO APPROVE SPECIFIC GUARANTEE BUSINESS UNDER THE GUARANTEE PLAN**

The Board agreed to propose to the Shareholders meeting of the Company to authorize the Company's president office to approve each specific guarantee business within the scope of the guarantee plan for the Company and its subsidiaries.

The proposal has been considered and approved at the 26th meeting of the third session of the Board of the Company, which are now submitted to the AGM for consideration and approval.

Details of the above proposal are set out in the overseas regulatory announcement in relation to the guarantee plan of the Company published on the Hong Kong Stock Exchange's and the Company's websites on 29 March 2021.

**5. PROPOSED APPROVAL OF THE PROPOSAL OF APPOINTMENT OF THE AUDITOR OF THE COMPANY AND INTERNAL CONTROL AUDITOR FOR THE YEAR 2021**

The Board proposes to appoint WUYIGE as the auditor and internal control auditor of the Company for 2021 and to authorize the Board to decide on their remuneration. It has been considered and approved at the 26th meeting of the third session of the Board of the Company and shall be submitted to the AGM for consideration and approval.

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## LETTER FROM THE BOARD

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### **6. RECOMMENDATION FOR APPROVAL OF THE REVISION OF ANNUAL CAPS FOR THE ROUTINE CONNECTED TRANSACTIONS/CONTINUING CONNECTED TRANSACTIONS FOR THE YEARS OF 2021 AND 2022**

References are made to the announcement of the Company dated 28 April 2019 and the circular of the Company dated 11 June 2019 in relation to the Framework Agreement entered into between the Company and China Minmetals on six types of connected transactions conducted in the ordinary and usual course of business, as well as the announcements of the Company dated 28 August 2020 and 29 March 2021 in relation to the revision of annual caps for material sale and purchase (income) transactions under the Framework Agreement for the year ended 31 December 2020 and the revision of annual caps for material sale and purchase (income) transactions and material sale and purchase (expenditure) transactions under the Framework Agreement for the years ending 31 December 2021 and 31 December 2022.

In order to expand its business, the Group will expand its trading scale with China Minmetals Group in 2021 and 2022. As a result, the existing annual caps for material sale and purchase (income) transactions and material sale and purchase (expenditure) transactions under the Framework Agreement for the years ending 31 December 2021 and 31 December 2022 could not meet the business needs of the Group. The Company plans to: (i) increase the annual caps for material sale and purchase (income) transactions for the years ending 31 December 2021 and 31 December 2022 from RMB1,228 million and RMB1,391 million to RMB5,322 million and RMB5,510 million, respectively; and (ii) increase the annual caps for material sale and purchase (expenditure) transactions for the years ending 31 December 2021 and 31 December 2022 from RMB15,164 million and RMB17,086 million to RMB16,753 million and RMB19,394 million, respectively. As at the Latest Practicable Date, each of the cumulative transaction amount of material sale and purchase (income) transactions and material sale and purchase (expenditure) transactions has not exceeded the existing annual cap for the year ending 31 December 2021.

China Minmetals, an indirect controlling Shareholder of the Company, is a connected person of the Company. As such, all transactions contemplated under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios of the revised annual caps for the years ending 31 December 2021 and 31 December 2022 for the material sale and purchase (income and expenditure) transactions under the Listing Rules exceed 5%, these transactions are subject to the requirements of reporting, announcement, annual review and independent Shareholders' approval under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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The Independent Board Committee (comprising all the independent non-executive Directors) has been formed to advise the Independent Shareholders on the revised annual caps for material sale and purchase (income and expenditure) transactions under the Framework Agreement. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the transactions under the Framework Agreement in relation to the sale and purchase of materials (income and expenditure). Accordingly, your attention is drawn to the Letter from the Independent Board Committee set out on pages 18 to 19 of this circular and the letter from Gram Capital set out on pages 20 to 31 of this circular. Your attention is also drawn to the general information set out on pages 32 to 34 of this circular.

**A. OVERVIEW OF MATERIAL SALE AND PURCHASE (INCOME) TRANSACTIONS AND MATERIAL SALE AND PURCHASE (EXPENDITURE) TRANSACTIONS**

Pursuant to the Framework Agreement entered into between the Company and China Minmetals on 28 April 2019, the Group and China Minmetals Group engage in six types of 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 rights of either party to select transaction counterparties or conduct similar transactions with third parties.

Pursuant to the Framework Agreement, the Group will, as a purchaser, purchase steel from China Minmetals Group and will, as a supplier, sell bulk materials (i.e. metal resource products including nickel, zinc and lead) 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 operation. The abovementioned material suppliers will also provide relevant logistics services in relation to the materials supplied, including storage, freight forwarding, shipping and land transportation and other services in relation to the connected transactions of material sale and purchase. Transactions of material sale and purchase are further divided into transactions of income and expenditure nature, among which, material sale and purchase (income) transactions mainly involve the Group, as a supplier, selling bulk materials (i.e. metal resource products including nickel, zinc and lead) to China Minmetals Group. The Group will also supply China Minmetals Group the equipment necessary for general construction contracting and production operation, and will provide relevant logistics services in relation to the materials supplied, including storage, freight forwarding, shipping and land transportation and other services. The material sale and purchase (expenditure) transactions mainly involve the sale of steel by China Minmetals Group, as a supplier, to the Group. China Minmetals Group will also provide the Group with the equipment necessary for general construction contracting and production operation, and will provide relevant logistics services in relation to the materials supply, including storage, freight forwarding, shipping and land transportation and other services.

## LETTER FROM THE BOARD

For further details on the material sale and purchase (income and expenditure) transactions and other types of transactions (including pricing principles and internal control procedures), please refer to the announcements of the Company dated 28 April 2019 and 28 August 2020 and the circular of the Company dated 11 June 2019.

### B. HISTORICAL TRANSACTION AMOUNTS AND EXISTING ANNUAL CAPS AND REVISED ANNUAL CAPS FOR YEARS OF 2021 AND 2022

#### (a) Material Sale and Purchase (Income) Transactions

In respect of the material sale and purchase (income) transactions with China Minmetals Group for the years ended 31 December 2018, 2019 and 2020, the amounts paid by China Minmetals Group to the Group were RMB366.59 million, RMB757.56 million and RMB1,638.59 million, respectively. As at 30 April 2021, the cumulative amount of material sale and purchase (income) transactions for the year ending 31 December 2021 was approximately RMB251.8 million and had not exceeded the existing annual cap for the year ending 31 December 2021. However, due to the reasons and benefits disclosed below, the Company expected that the existing annual caps for the years ending 31 December 2021 and 31 December 2022 could not meet the business needs of the Group. As a result, the Board passed a resolution on 29 March 2021 to revise the relevant annual caps as follows:

*Unit: RMB0'000*

	Existing annual caps for the year ending 31 December 2021	Revised annual caps for the year ending 31 December 2021	Existing annual caps for the year ending 31 December 2022	Revised annual caps for the year ending 31 December 2022
Material sale and purchase (income) transactions	122,800	532,200	139,100	551,000

#### (b) Material Sale and Purchase (Expenditure) Transactions

In respect of the material sale and purchase (expenditure) transactions with China Minmetals Group for the years ended 31 December 2018, 2019 and 2020, the amounts paid by the Group to China Minmetals Group were RMB6,141.19 million, RMB5,812.73 million and RMB8,737.57 million, respectively. As at 30 April 2021, the cumulative amount of material sale and purchase (expenditure) transactions for the year ending 31 December 2021 was approximately RMB2,958.4 million and had not exceeded the existing annual cap for the year ending 31 December 2021. However, due

## LETTER FROM THE BOARD

to the reasons and benefits disclosed below, the Company expected that the existing annual caps for the years ending 31 December 2021 and 31 December 2022 could not meet the business needs of the Group. As a result, the Board passed a resolution on 29 March 2021 to revise the relevant annual caps as follows:

*Unit: RMB0'000*

	Existing annual caps for the year ending 31 December 2021	Revised annual caps for the year ending 31 December 2021	Existing annual caps for the year ending 31 December 2022	Revised annual caps for the year ending 31 December 2022
Material sale and purchase (expenditure) transactions	<u>1,516,400</u>	<u>1,675,300</u>	<u>1,708,600</u>	<u>1,939,400</u>

The annual caps of other transactions types under the Framework Agreement for the years ending 31 December 2021 and 31 December 2022 remain unchanged.

### C. BASIS OF DETERMINING ANNUAL CAPS

In adjusting the annual caps for our material purchase transactions, the Company mainly made reference to the purchase and sale plans of various types of materials in the next two years, primarily the demand for steel and equipment for construction projects such as EPC and Public-Private-Partnership (“PPP”) and the transaction demand for metal ore products in the mining segment, and made reference to recent fluctuations of market price of the corresponding supplies.

#### (a) Income transactions (material sale)

In respect of material sale, each of the subsidiaries of the Company has reported to the Company the sale of metal ore products, equipment and construction materials from EPC projects to each of the connected persons of China Minmetals annually from 2021 to 2022 (contract for the sale and purchase of materials signed on a standalone basis), particularly the demand for nickel-related products, with reference to actual demand in 2020.

In determining the prices of bulk materials (i.e. metal ore products including nickel, zinc, lead, but excluding MHP) sold to the connected person of the Company, the Company will make reference to the price of the relevant bulk raw materials announced by the London Metal Exchange and Shanghai Non-ferrous (www.smm.cn), based on which the price will be determined upon negotiation with the connected persons, which will be no less than the reference price. In determining the price of bulk material MHP sold to the connected person of the Company, the price is calculated on the basis of the London Material Exchange price and based on the factors agreed by both parties, which will be no less than the market price.

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## LETTER FROM THE BOARD

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**(b) Expenditure transactions (material purchase)**

In respect of material purchase, each of the subsidiaries of the Company has reported to the Company the amount of steel and equipment expected to be purchased from each of the connected persons of China Minmetals annually from 2021 to 2022. Such amount is the demand for various types of equipment, steel and other construction materials of the EPC and PPP projects of each of the subsidiaries that has been tendered or proposed to participate in the tender, as well as other subcontracting projects proposed to be participate in, as well as the estimate of recent market price of the aforementioned materials, with reference to the actual purchases of various types of materials in 2020.

In determining the market price of steel, each of the subsidiaries of the Company has made reference to the recent price and trends price of various types of steel published by Mysteel ([www.mysteel.com](http://www.mysteel.com)), requesting the purchase price of no higher than the market price. Mysteel is the largest B2B website in the transaction of steel and raw materials, which contains not only price movements of steel and raw materials, but also historical data, as well as information on the price of steel and raw materials in various regions across the country, with in-depth interpretation and analysis of relevant national policies. In determining the market price of other construction materials and equipment, each of our subsidiaries has purchased at a price no higher than the market price with reference to the historical transaction price of the similar products.

**D. INTERNAL CONTROL MEASURES**

In order to ensure that the prices and terms of each type of the transactions under the Framework Agreement will be no less favourable to the Group 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 members of which are independent of China Minmetals Group). 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 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



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## LETTER FROM THE BOARD

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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 (including the sale of bulk materials, such as metal resource products, by the Group to China Minmetals Group, and the provision of factoring services, finance leasing services, credit services and bond underwriting 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 normally obtain two or more reference prices from independent third parties, after which the relevant business departments will determine the prices for each type of transactions and submit the same to the persons in charge of the relevant business departments for consideration and approval. Furthermore, the Group closely monitors the latest data published by the London Metal Exchange, the Shanghai Metals Market and the People's Bank of China, which enables the Group to keep abreast of the latest market rates, and determine reasonable prices in the circumstance where there is no reference of similar transactions between the Group and independent third parties.

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 and the annual caps 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, so as to ensure the terms of the contracts (including the prices) will be in line with the Framework Agreement.

In addition, the Company has adopted the connected transaction management policies in accordance with the relevant requirements of the Shanghai Stock Exchange and the Hong Kong Stock Exchange. The Company strictly implemented the internal control procedures for connected transactions as set out in such policies. In particular, the relevant business departments shall keep track of the actual transactions volume on a monthly basis and monitor the progress of the Group's continuing connected transactions and its annual caps. The Company allots the sub-cap of various types of connected transactions to subsidiaries in accordance with the specific business activities of each subsidiary, and each subsidiary shall conduct connected transactions within the scope of its sub-cap. If certain connected transaction is expected to exceed the cap, it shall be reported to the Company in advance in writing. Further, the Group sets 75% of the relevant annual caps as the ceiling for internal

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## LETTER FROM THE BOARD

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monitoring purposes. If the actual transaction volume reaches the ceiling for internal monitoring purposes, the relevant business departments will evaluate whether the annual cap can meet the daily operation and business needs of the Group during the year. If the relevant business department concluded that the annual cap cannot be satisfied, the Company will propose a plan to adjust the annual cap and undergo relevant decision-making, approval and disclosure procedures in accordance with relevant regulatory requirements. The Group has incorporated the compliance management of connected transactions into the review system for the business performance of subsidiaries. The violation of connected transaction management will directly affect the assessment results of the business performance of subsidiaries at all levels.

### **E. REASONS FOR AND BENEFITS OF THE TRANSACTIONS**

Since the second half of 2020, the price of products such as nickel, copper, zinc, lead and other resources has fluctuated upwards, which has led to an increase in the amount of connected transactions for the Company to sell the above mentioned products. From 2 January 2020 to 29 March 2021, the closing price of nickel, zinc, copper and lead recorded the price increase of approximately 11.3%, 21.9%, 34.8% and 1.5%, respectively. At the same time, due to the favorable development opportunities of the current new energy battery market, as the top research and development and production base of high-nickel ternary precursors in China and the world's largest research and development and production base of high-purity scandium oxide, Ramu New Energy, a connected person, has significantly expanded its production capacity since the commencement of operation in 2019, and its purchasing demand for metal resource products from the subsidiaries of the Company has increased significantly. It is estimated that the production capacity of Ramu New Energy in 2021 will be increased by approximately 120% than that of 2020. It is expected that the Company's income under material purchase and sale (income) transactions will increase significantly.

Since 2021, the pace of development and quality of the Company have continuously uplifted to a new level, with a significant increase in contract volume and a sharp increase in the demand for procurement of various materials. China Minmetals Group, a connected person and as a comprehensive service provider in the field of ferrous metal circulation, has a full range of supply chain advantages for steel and other goods in terms of stocking, payment, and channel coverage. Based on the solid foundation of cooperation in the early stage and under the premises of equality and mutual benefit, the cooperation between the subsidiaries of the Company, especially the subsidiaries engaging in construction, and China Minmetals is constantly expanding. It is expected that the Company's expenditure under material purchase and sale (expenditure) transactions will increase.

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## LETTER FROM THE BOARD

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China Minmetals is a comprehensive conglomerate focusing on metal and mineral products business, and possesses trade-based, resource-backed, industry- and trading-integrated and vertically-extended capabilities. Steel trading is one of the traditional businesses of China Minmetals Group. China Minmetals Group not only possesses an advantageous position in the domestic market, but is also supported with a sound network of international trading channels, which can provide the Group with a 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 the Company's subsidiaries 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 specific needs for engineering construction and production operation. The connected transactions between the Company and China Minmetals are arranged based on the business characteristics and business development needs of the Company, which can make full use of the resources and advantages of China Minmetals Group, realize complementary advantages and rational allocation of resources, hence achieving win-win cooperation. In addition, the arrangements have positive significance to the development of the Company and are beneficial to the interests of Shareholders as a whole.

The Directors are of the view 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 interests of the Company and the Shareholders as a whole, and the revised annual caps for the material sale and purchase (income) transactions and the material sale and purchase (expenditure) transactions are fair and reasonable.

Mr. Guo Wenqing, Mr. Zhang Mengxing and Mr. Yan Aizhong hold positions in China Minmetals and/or CMGC, and they had abstained from voting on the resolutions of the Board to approve the revised annual caps for the material sale and purchase (income and expenditure) transactions under the Framework Agreement.

### **F. LISTING RULES IMPLICATIONS**

China Minmetals, an indirect controlling Shareholder of the Company, indirectly holds approximately 49.18% of the total number of Shares issued by the Company as at Latest Practicable Date and is a connected person of the Company. As such, all transaction types under the Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

As all the applicable percentage ratios of the revised annual caps for the years ending 31 December 2021 and 31 December 2022 for the material sale and purchase (income and expenditure) transactions under the Listing Rules exceed 5%, these transactions are subject to the requirements of reporting, announcement, annual review and independent Shareholders' approval under Chapter 14A of the Listing Rules.

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## LETTER FROM THE BOARD

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The Company will seek approval from the Independent Shareholders in respect of the material sale and purchase (income and expenditure) transactions under the Framework Agreement at the AGM. In view of China Minmetals' interests in the transactions under the Framework Agreement, CMGC, an associate of China Minmetals and which held 10,190,955,300 A Shares as at the Latest Practicable Date (representing approximately 49.18% of the total issued share capital of the Company as at the Latest Practicable Date), will abstain from voting to approve the material sale and purchase (income and expenditure) transactions under the Framework Agreement at the AGM.

### **G. 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 wholly state-owned enterprise established in the PRC. It is a comprehensive conglomerate focusing on metal and mineral product business, and possesses trade-based, resource-backed, industry- and trading-integrated and vertically-extended capabilities.

### **7. PERFORMANCE REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

Pursuant to the Articles of Association, the independent non-executive Directors shall issue a performance report at the Company's AGM. Such report will be submitted to the Shareholders for consideration but not for the Shareholders' approval. The performance report of the independent non-executive Directors of the Company is set out in Appendix I to this circular for the Shareholders' reference.

### **THE AGM**

The AGM will be held for the purposes of, among other things, considering and approving the following resolutions by the Shareholders:

- (1) the proposal in relation to the "Work Report of the Board of MCC for the Year 2020" (see Appendix II)
- (2) the proposal in relation to the "Work Report of the Supervisory Committee of MCC for the Year 2020" (see Appendix III)
- (3) the proposal in relation to the report on final accounts of the Company for the year 2020 (as set out in the 2020 annual report of the Company)

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## LETTER FROM THE BOARD

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- (4) the proposal in relation to the profit distribution plan of the Company for the year 2020
- (5) the proposal in relation to the emoluments of Directors and Supervisors of the Company for the year 2020
- (6) the proposal in relation to the plan of guarantees to be provided by the Company for the year 2021
- (7) the proposal in relation to the engagement of auditors and internal control auditors of the Company for the year 2021
- (8) the proposal in relation to the revision of the amendments to the Annual Caps for Routine Connected Transaction/Continuing Connected Transaction for the years of 2021 and 2022

### **CLOSURE OF H SHARES REGISTER OF MEMBERS**

In order to ascertain the Shareholders who will be qualified to attend and vote at the AGM, the H Shares register of members of the Company will be closed from Tuesday, 22 June 2021 to Friday, 25 June 2021, both days inclusive. All completed transfer documents together with the relevant share certificate(s) must be lodged with the Company's H Share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4 p.m. on Monday, 21 June 2021 for registration. Details of the AGM are set out in the Notice dated 25 May 2021.

A form of proxy and reply slip applicable for the AGM are enclosed with this circular. If you intend to appoint a proxy to attend the AGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon. In order to be valid, the form of proxy together with the power of attorney or other authorization document (if any) shall be deposited at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not less than 24 hours before the AGM (excluding any public holiday). Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM should you so wish.

For information purpose, holders of H Shares who intend to attend the AGM in person or by proxy shall return the reply slip to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, on or before Wednesday, 23 June 2021 by hand, by post or by fax (Fax: (852) 2865 0990).

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## LETTER FROM THE BOARD

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### VOTING BY WAY OF POLL

In accordance with the Articles of Association and the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. As such, the resolutions set out in the Notice will be voted by way of poll. Voting results will be uploaded to the website of the Company ([www.mccchina.com](http://www.mccchina.com)) and the website of the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) as soon as possible after the conclusion of the AGM.

### GENERAL RECOMMENDATION

The Directors are of the opinion that the proposed resolutions set out in the Notice are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of these proposed resolutions.

Yours faithfully

By order of the Board

**Metallurgical Corporation of China Ltd.\***

**Guo Wenqing**

*Chairman and Executive Director*



**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)

25 May 2021

*To the Independent Shareholders*

Dear Sir or Madam,

**THE REVISION OF ANNUAL CAPS  
FOR THE ROUTINE CONNECTED TRANSACTIONS/CONTINUING  
CONNECTED TRANSACTIONS FOR THE YEARS OF 2021 AND 2022**

We refer to the circular of the Company dated 25 May 2021 (the “**Circular**”), of which this letter forms part. Terms defined in the Circular have the same meanings in this letter unless the context otherwise requires.

We have been appointed as the Independent Board Committee to advise the Independent Shareholders as to whether, in our opinion, the revision of annual caps for the routine connected transactions/continuing connected transactions for the years of 2021 and 2022 is in the interests of the Company and its Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Gram Capital has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the revision of annual caps for the routine connected transactions/continuing connected transactions for the years of 2021 and 2022.

We wish to draw your attention to the letter from the Board set out on page 1 to page 17 of the Circular and the letter from Gram Capital to the Independent Board Committee and the Independent Shareholders set out on page 20 to page 31 of the Circular. The letter from Gram Capital contains the opinion of Gram Capital in respect of the revision of annual caps for the routine connected transactions/continuing connected transactions for the years of 2021 and 2022.

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## LETTER FROM THE INDEPENDENT BOARD COMMITTEE

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Having taken into account the advice of Gram Capital and its recommendation in relation thereto, we consider 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 interests of the Company and the Shareholders as a whole, and the revised annual caps for the routine connected transactions/continuing connected transactions for the years of 2021 and 2022 are in the interests of the Company and the Shareholders as a whole and are fair and reasonable so far as the Independent Shareholders are concerned. Accordingly, we recommend that you vote in favour of the ordinary resolution to be proposed at the AGM to approve the revision of annual caps for the routine connected transactions/continuing connected transactions for the years of 2021 and 2022.

Yours faithfully

By order of the Board

**Metallurgical Corporation of China Ltd.\***

*Independent Board Committee*

**Zhou Jichang**

**Yu Hailong**

**Ng, Kar Ling Johnny**

\* *For identification purpose only*



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## LETTER FROM GRAM CAPITAL

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*Set out below is the text of a letter received from Gram Capital, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders in respect of the revision of annual caps for material sale and purchase (income and expenditure) transactions under the Framework Agreement for the purpose of inclusion in this circular.*



Room 1209, 12/F.  
Nan Fung Tower  
88 Connaught Road Central/  
173 Des Voeux Road Central  
Hong Kong

25 May 2021

*To: The independent board committee and the independent shareholders  
of Metallurgical Corporation of China Ltd.\**

Dear Sir/Madam,

### REVISION OF ANNUAL CAPS FOR CONTINUING CONNECTED TRANSACTIONS

#### INTRODUCTION

We refer to our appointment as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of revision of annual caps for material sale and purchase (income and expenditure) transactions under the Framework Agreement (the “**Transactions**”), details of which are set out in the letter from the Board (the “**Board Letter**”) contained in the circular dated 25 May 2021 issued by the Company to the Shareholders (the “**Circular**”), of which this letter forms part. Terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

Reference is made to the Company’s announcement dated 28 April 2019 and the Company’s circular dated 11 June 2019 in relation to the entering into of the Framework Agreement, and the Company’s announcement dated 28 August 2020 in relation to the revision of annual cap for material sale and purchase (income) transactions under the Framework Agreement for the year ended 31 December 2020.

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## LETTER FROM GRAM CAPITAL

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With reference to the Board Letter, in order to expand its business, the Group will expand its trading scale with China Minmetals Group in 2021 and 2022. As a result, the existing annual caps for material sale and purchase (income) transactions and material sale and purchase (expenditure) transactions under the Framework Agreement for the years ending 31 December 2021 and 31 December 2022 could not meet the business needs of the Group. The Company plans to: (i) increase the annual caps for material sale and purchase (income) transactions for the years ending 31 December 2021 and 31 December 2022 from RMB1,228 million and RMB1,391 million to RMB5,322 million and RMB5,510 million, respectively; and (ii) increase the annual caps for material sale and purchase (expenditure) transactions for the years ending 31 December 2021 and 31 December 2022 from RMB15,164 million and RMB17,086 million to RMB16,753 million and RMB19,394 million, respectively.

With reference to the Board Letter, the Transactions are subject to the requirements of reporting, announcement, annual review and Independent Shareholders' approval under Chapter 14A of the Listing Rules.

The Independent Board Committee comprising Mr. Zhou Jichang, Mr. Yu Hailong and Mr. Ng, Kar Ling Johnny (all being independent non-executive Directors) has been established to advise the Independent Shareholders on (i) whether the terms of the Transactions are on normal commercial terms and are fair and reasonable; (ii) whether the Transactions are in the interests of the Company and the Shareholders as a whole and in the ordinary and usual course of business of the Group; and (iii) how the Independent Shareholders should vote in respect of the resolution to approve the Transactions at the AGM. We, Gram Capital Limited, have been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this respect.

### **INDEPENDENCE**

During the past two years immediately preceding the Latest Practicable Date, Gram Capital was engaged as an independent financial adviser in relation to the Company's continuing connected transactions, details of which are set out in the Company's circular dated 11 June 2019. As the aforesaid engagement was independent financial adviser engagement, it does not affect our independence to act as the Independent Financial Adviser. Notwithstanding the aforesaid engagement, we were not aware of any relationships or interests between Gram Capital and the Company, or any other parties during the past two years immediately preceding the Latest Practicable Date that could be reasonably regarded as hindrance to Gram Capital's independence to act as the Independent Financial Adviser.

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## LETTER FROM GRAM CAPITAL

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### BASIS OF OUR OPINION

In formulating our opinion to the Independent Board Committee and the Independent Shareholders, we have relied on the statements, information, opinions and representations contained or referred to in the Circular and the information and representations as provided to us by the Directors. We have assumed that all information and representations that have been provided by the Directors, for which they are solely and wholly responsible, are true and accurate at the time when they were made and continue to be so as at the Latest Practicable Date. We have also assumed that all statements of belief, opinion, expectation and intention made by the Directors in the Circular were reasonably made after due enquiry and careful consideration. We have no reason to suspect that any material facts or information have been withheld or to doubt the truth, accuracy and completeness of the information and facts contained in the Circular, or the reasonableness of the opinions expressed by the Company, its advisers and/or the Directors, which have been provided to us. Our opinion is based on the Directors' representation and confirmation that there is no undisclosed private agreement/arrangement or implied understanding with anyone concerning the Transactions. We consider that we have taken sufficient and necessary steps on which to form a reasonable basis and an informed view for our opinion in compliance with Rule 13.80 of the Listing Rules.

The Circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief the information contained in the Circular is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement in the Circular misleading. We, as the Independent Financial Adviser, take no responsibility for the contents of any part of the Circular, save and except for this letter of advice.

We consider that we have been provided with sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted any independent in-depth investigation into the business and affairs of the Company, China Minmetals or their respective subsidiaries or associates, nor have we considered the taxation implication on the Group or the Shareholders as a result of the Transactions. Our opinion is necessarily based on the financial, economic, market and other conditions in effect and the information made available to us as at the Latest Practicable Date. Shareholders should note that subsequent developments (including any material change in market and economic conditions) may affect and/or change our opinion and we have no obligation to update this opinion to take into account events occurring after the Latest Practicable Date or to update, revise or reaffirm our opinion. In addition, nothing contained in this letter should be construed as a recommendation to hold, sell or buy any Shares or any other securities of the Company.

Lastly, where information in this letter has been extracted from published or otherwise publicly available sources, it is the responsibility of Gram Capital to ensure that such information has been correctly extracted from the relevant sources while we are not obligated to conduct any independent in-depth investigation into the accuracy and completeness of those information.

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## LETTER FROM GRAM CAPITAL

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### PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion in respect of the Transactions, we have taken into consideration the following principal factors and reasons:

#### Information on the Group

With reference to the Board Letter, 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.

Set out below are the consolidated audited financial information of the Group for the two years ended 31 December 2020 as extracted from the Company's annual report for the year ended 31 December 2020:

	For the year ended 31 December 2020	For the year ended 31 December 2019	Year on year change
	<i>RMB'000</i>	<i>RMB'000</i>	<i>%</i>
Total operating revenue	400,114,623	338,637,609	18.15
– Engineering contracting	359,072,735	305,394,770	17.58
– Property development	23,362,271	18,906,755	23.57
– Equipment manufacture	10,821,329	6,359,811	70.15
– Resource development	4,374,376	5,183,417	(15.61)
– Others	2,483,912	2,792,856	(11.06)

The Group recorded total operating revenue of approximately RMB400.11 billion for the year ended 31 December 2020 (“FY2020”), representing an increase of approximately 18.15% as compared to that for the year ended 31 December 2019 (“FY2019”). The Group generated majority of its revenue from engineering contracting. Revenue from the engineering contracting segment amounted to approximately RMB359.07 billion for FY2020 and RMB305.39 billion for FY2019, representing approximately 89.74% and 90.18% of the Group's revenue for FY2020 and FY2019 respectively.

#### Information on China Minmetals

With reference to the Board Letter, China Minmetals is a wholly state-owned enterprise established in the PRC. It is a comprehensive conglomerate focusing on metal and mineral product business, and possesses trade-based, resource-backed, industry- and trading-integrated and vertically-extended capabilities.

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## LETTER FROM GRAM CAPITAL

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### **Reasons for and benefits on the Transactions**

As mentioned in the section above, the engineering contracting segment, the property development segment, the equipment manufacture segment and resource development segment are the Group's major sources of revenue. The purchase of steels and equipment (which satisfies the Group's needs for engineering construction and production operation) and the sale of bulk materials (i.e. metal resource products including nickel, zinc and lead) and equipment (under the equipment manufacture segment and resource development segment) are in the Group's ordinary and usual course of business.

With reference to the Board Letter, since the second half of 2020, the price of products such as nickel, copper, zinc, lead and other resources has fluctuated upwards, which has led to an increase in the amount of connected transactions for the Company to sell the above-mentioned products. At the same time, due to the favorable development opportunities of the current new energy battery market, a subsidiary of China Minmetals has significantly expanded its production capacity since it began operation in 2019, and its purchasing demand for metal resource products from the subsidiaries of the Company has increased significantly. It is expected that the Company's income under material purchase and sale (income) transactions will increase significantly.

As further mentioned in the Board Letter, since 2021, the pace of development and quality of the Company have continuously climbed to a new level, with a significant increase in contract volume and a sharp increase in the demand for procurement of various materials. China Minmetals Group, as a comprehensive service provider in the field of ferrous metal circulation, has a full range of supply chain advantages for steel and other goods in terms of stocking, payment, and channel coverage. Based on the solid foundation of cooperation in the early stage and under the premises of equality and mutual benefit, the cooperation between the subsidiaries of the Company, especially the subsidiaries engaging in construction, and China Minmetals is constantly expanding. It is expected that the Company's expenditure under material purchase and sale (expenditure) transactions will increase.

Having considered the above, we consider that the Transactions are in the interests of the Company and the Shareholders as a whole and are in the ordinary and usual course of business of the Group.

### **Principal terms of the Transactions**

With reference to the Board Letter, the Company plans to: (i) increase the annual caps for material sale and purchase (income) transactions for the years ending 31 December 2021 and 31 December 2022 from RMB1,228 million and RMB1,391 million to RMB5,322 million and RMB5,510 million, respectively; and (ii) increase the annual caps for material sale and purchase (expenditure) transactions for the years ending 31 December 2021 and 31 December 2022 from RMB15,164 million and RMB17,086 million to RMB16,753 million and RMB19,394 million, respectively.

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## LETTER FROM GRAM CAPITAL

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**(i) *Material sale and purchase (income) transactions***

*Bid winning basis*

As advised by the Directors, suppliers of the transaction between the Group and China Minmetals Group (i.e. the purchase of materials by China Minmetals Group) would be selected through tender process. The Company is unable to predict whether the Group would win the bid for any particular project/transaction, therefore, in estimating the revised annual caps for the two years ending 31 December 2022, the Company made reference to the existing and expected projects/transactions of the China Minmetals Group, assuming that the Group would win the bid in such projects/transactions, and taken into consideration the estimated amount of such projects/transactions as the basis for determining the revised annual caps.

The historical annual cap and historical transaction amount for FY2020 were approximately RMB2.68 billion and RMB1.64 billion respectively, representing an utilization rate of approximately 61.21%. As advised by the Directors, the difference between the historical annual cap and the historical transaction amount was primarily an outcome of the Group's actual operations (i.e. China Minmetals Group might also procure materials from other suppliers depending on the outcome of the tender process, and certain transactions might still be under negotiation and there might be delay in execution).

*Estimated transaction amounts provided by the Company's subsidiaries*

For our due diligence purpose, we obtained and reviewed the calculation of the revised annual caps of the transaction for the two years ending 31 December 2022. We noted that the calculation included expected transactions of 15 subsidiaries of the Company (and according to the calculation, there would be a total of 18 transaction items in 2021 and 17 transaction items in 2022). We noted that during each of the two years ending 31 December 2022, the estimated transaction amounts mainly catered for the sale of nickel to a subsidiary of China Minmetals, the amount of the particular transaction represented approximately 46% and 44% of the total estimated transaction amounts for each of 2021 and 2022. The remaining transaction amounts represented the sale of bulk materials and equipment to China Minmetals Group. As advised by the Directors, the estimated transaction amounts were approved by management of the relevant subsidiaries before submitting to the Company for consolidation and review. For each year, the revised annual cap was based on the estimated transaction amount the Group (which represented sum of transaction amounts for the Company's subsidiaries) and a buffer of 10%.

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## LETTER FROM GRAM CAPITAL

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### *Product price fluctuation and growth of historical transaction amount*

We noted that the revised annual cap for 2021 represented an increase of approximately 98.80% to the historical annual cap for 2020, while the revised annual cap for 2022 represented an increase of approximately 3.53% to the revised annual cap for 2021. As mentioned above and as advised by the Directors, the increase in revised annual cap (in particular the increase from historical annual cap of approximately RMB2.68 billion for 2020 to the revised annual cap of approximately RMB5.32 billion for 2021) was due to the upward fluctuation of product price and the demand for metal resource products by a subsidiary of China Minmetals.

For our due diligence purposes, we examined the prices of nickel, copper, zinc and lead during the period from 1 January 2020 to 29 March 2021 (being the date of announcement in relation to the Transactions), based on information obtained from Wind Financial Terminal (Note: According to the website of Wind Financial Terminal, Wind was founded in 1994. As the market leader in China's financial information services industry, Wind is dedicated to provide accurate and real-time information, as well as sophisticated communication platforms for financial professionals. In the PRC, Wind serves more than 90% of financial institutions including hedge funds assets management firms, securities companies, insurance companies, banks, research institutions, and government regulatory bodies.). As the review period represents the term of the Framework Agreement prior to the date of announcement in relation to the Transactions, we consider such period to be fair and representative.

- (i) The closing price of nickel increased from RMB111,230 per metric ton as recorded on 2 January 2020 to RMB123,750 per metric ton as recorded on 29 March 2021, representing an increase of approximately 11.26%. During the review period, the closing price of nickel reached a low of RMB91,580 per metric ton on 26 March 2020 and reached its peak at RMB146,210 per metric ton as recorded on 22 February 2021. The maximum price represented approximately 1.60 times of the lowest price.
- (ii) The closing price of zinc increased from RMB17,880 per metric ton as recorded on 2 January 2020 to RMB21,800 per metric ton as recorded on 29 March 2021, representing an increase of approximately 21.92%. During the review period, the closing price of nickel reached a low of RMB14,420 per metric ton on 19 March 2020 and reached its peak at RMB22,200 per metric ton as recorded on 21 December 2020. The maximum price represented approximately 1.54 times of the lowest price.

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## LETTER FROM GRAM CAPITAL

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- (iii) The closing price of copper increased from RMB49,230 per metric ton as recorded on 2 January 2020 to RMB66,340 per metric ton as recorded on 29 March 2021, representing an increase of approximately 34.76%. During the review period, the closing price of nickel reached a low of RMB37,200 per metric ton on 23 March 2020 and reached its peak at RMB70,150 per metric ton as recorded on 25 February 2021. The maximum price represented approximately 1.89 times of the lowest price.
  
- (iv) The closing price of lead increased from RMB14,910 per metric ton as recorded on 2 January 2020 to RMB15,140 per metric ton as recorded on 29 March 2021, representing an increase of approximately 1.54%. During the review period, the closing price of nickel reached a low of RMB12,945 per metric ton on 19 March 2020 and reached its peak at RMB16,475 per metric ton as recorded on 6 August 2020. The maximum price represented approximately 1.27 times of the lowest price.

We noted that the historical transaction amount for 2019 was approximately RMB757.56 million. The historical transaction amount for 2020 of approximately RMB1.64 billion represented an increase of approximately 116.30% as compared to that for 2019.

### *Buffer of 10%*

As illustrated above, the Company applied a buffer of 10% to the sum of estimated transaction amounts for the subsidiaries. As advised by the Directors, the buffer was applied for unforeseeable circumstances such as (a) the unexpected increase in demand of products; and (b) the unexpected increase in price of the products. We consider such buffer to be justifiable.

Having considered the above, in particular, (i) that the revised annual caps for the two years ending 31 December 2022 were based on the estimated transaction amounts provided by the Company's subsidiaries (which were also approved by management of the subsidiaries before submitting to the Company for consolidation and review); (ii) the upward fluctuation of material prices as illustrated above; and (iii) the growth of historical transaction amount in 2020, we consider that the revised annual caps of the transaction for the two years ending 31 December 2022 are fair and reasonable.



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## LETTER FROM GRAM CAPITAL

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**(ii) *Material sale and purchase (expenditure) transactions***

*Bid winning basis*

As advised by the Directors, suppliers of the transaction between the Group and China Minmetals Group (i.e. the purchase of materials by the Group) would be selected through tender process. The Company is unable to predict whether China Minmetals Group would win the bid for any particular project/transaction, therefore, in estimating the revised annual caps for the two years ending 31 December 2022, the Company made reference to the its existing and expected projects/transactions, assuming that China Minmetals Group would win the bid in such projects/transactions, and taken into consideration the estimated amount of such projects/transactions as the basis for determining the revised annual caps.

The historical annual cap and historical transaction amount for 2020 were approximately RMB13.19 billion and RMB8.74 billion respectively, representing an utilization rate of 66.26%. As advised by the Directors, the difference between the historical annual cap and the historical transaction amount was primarily an outcome of the Group's actual operations (i.e. the Group might also procure materials from other suppliers depending on the outcome of the tender process, and certain transactions might still be under negotiation and there might be delay in execution).

*Estimated transaction amounts for the Company's subsidiaries*

For our due diligence purpose, we obtained and reviewed the calculation of the revised annual caps of the transaction for the two years ending 31 December 2022. We noted that the calculation included expected projects/transactions of 35 subsidiaries of the Company (and according to the calculation, there would be a total of 77 project/transaction items in 2021 and 58 project/transaction items in 2022). We noted that during each of the two years ending 31 December 2022, majority of the estimated transaction amounts catered for the purchase of steels. As advised by the Directors, the estimated transaction amounts were approved by management of the relevant subsidiaries before submitting to the Company for consolidation and review. For each year, the revised annual cap was based on the estimated transaction amount the Group (which represented sum of project/transaction amounts for the Company's subsidiaries) and a buffer of 10%.

*Growth of historical transaction amount and the Group's business growth*

We noted that the revised annual cap for 2021 represented an increase of approximately 27.04% to the historical annual cap for 2020, while the revised annual cap for 2022 represented an increase of approximately 15.76% to the revised annual cap for 2021. As mentioned above and as advised by the Directors, the increase in revised annual cap was due to the development of the Group, which drove the demand for materials procurement.

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## LETTER FROM GRAM CAPITAL

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We noted that the historical transaction amount for 2019 was approximately RMB5.81 billion. The historical transaction amount for 2020 of approximately RMB8.74 billion represented an increase of approximately 50.32% as compared to that for 2019.

As illustrated in the section above, the Group recorded total operating revenue of approximately RMB400.11 billion for FY2020, representing an increase of approximately 18.15% as compared to that for FY2019. Revenue from the engineering contracting segment amounted to approximately RMB359.07 billion for FY2020, representing an increase of approximately 17.58% as compared to that for FY2019.

### *Buffer of 10%*

As illustrated above, Company applied a buffer of 10% to the sum of estimated project/transaction amounts for the subsidiaries. As advised by the Directors, the buffer was applied for unforeseeable circumstances such as (a) the unexpected increase in demand of products; and (b) the unexpected increase in price of the products. We consider such buffer to be justifiable.

Having considered the above, in particular, (i) that the revised annual caps for the two years ending 31 December 2022 were based on the estimated transaction amounts provided by the Company's subsidiaries (which were also approved by management of the subsidiaries before submitting to the Company for consolidation and review); (ii) the growth of historical transaction amount in 2020; and (iii) the growth of the Group's business in FY2020 as illustrated by the increase in total operating revenue and revenue from the engineering contracting segment, we consider that the revised annual caps of the transaction for the two years ending 31 December 2022 are fair and reasonable.

Shareholders should note that as the revised annual caps are relating to future events and were estimated based on assumptions which may or may not remain valid for the entire period up to 31 December 2022, and they do not represent forecasts of transaction amount to be incurred from the material sale and purchase (income and expenditure) transactions. Consequently, we express no opinion as to how closely the actual transaction amount to be incurred from the material sale and purchase (income and expenditure) transactions will correspond with the revised annual caps.

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## LETTER FROM GRAM CAPITAL

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### **Listing Rules implication**

The Directors confirmed that the Company shall comply with the requirements of Rules 14A.53 to 14A.59 of the Listing Rules pursuant to which (i) the values of material sale and purchase (income and expenditure) transactions must be restricted by the revised annual caps; (ii) the terms of the material sale and purchase (income and expenditure) transactions must be reviewed by the independent non-executive Directors annually; (iii) details of independent non-executive Directors' annual review on the terms of the material sale and purchase (income and expenditure) transactions must be included in the Company's subsequent published annual report. Furthermore, it is also required by the Listing Rules that the auditors of the Company must provide a letter to the Board confirming, among other things, whether anything has come to their attention that causes them to believe that the material sale and purchase (income and expenditure) transactions (i) have not been approved by the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group if the transactions involve the provision of goods or services by the Group; (iii) were not entered into, in all material respects, in accordance with the relevant agreement governing the transactions; and (iv) have exceeded the revised annual caps. In the event that the total amounts of the material sale and purchase (income and expenditure) transactions are anticipated to exceed the revised annual caps, or that there is any proposed material amendment to the terms of the material sale and purchase (income and expenditure) transactions, as confirmed by the Directors, the Company shall comply with the applicable provisions of the Listing Rules governing continuing connected transactions.

Given the above stipulated requirements for continuing connected transactions pursuant to the Listing Rules, we are of the view that there are adequate measures in place to monitor the material sale and purchase (income and expenditure) transactions and thus the interest of the Independent Shareholders would be safeguarded.

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## LETTER FROM GRAM CAPITAL

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### RECOMMENDATION

Having taken into consideration the factors and reasons as stated above, we are of the opinion that (i) the terms of the Transactions (including the revised annual caps of the material sale and purchase (income and expenditure) transactions) are on normal commercial terms and are fair and reasonable; and (ii) the Transactions are in the ordinary and usual course of business of the Group and are in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Board Committee to advise the Independent Shareholders to vote in favour of the resolution to be proposed at the AGM to approve the Transactions and we recommend the Independent Shareholders to vote in favour of the resolution(s) in this regard.

Yours faithfully,  
For and on behalf of  
**Gram Capital Limited**  
**Graham Lam**  
*Managing Director*

*Note:* Mr. Graham Lam is a licensed person registered with the Securities and Futures Commission and a responsible officer of Gram Capital Limited to carry out Type 6 (advising on corporate finance) regulated activity under the SFO. He has over 25 years of experience in investment banking industry.

\* *for identification purposes only*

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## GENERAL INFORMATION

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### 1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

### 2. DISCLOSURE OF INTERESTS

As at the Latest Practicable Date, as far as the Company was aware, the Directors, Supervisors and the chief executive of the Company or their respective associates had the following interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange:

Name	Position	Class of Shares	Long/short position	Nature of the interest	Number of Shares	Percentage of the relevant class of Shares in issue (%)	Percentage of the total Shares in issue (%)
Guo Wenqing	Chairman and Executive Director	A Shares	Long position	Beneficial owner	130,000	0.00073	0.00063
Zhang Mengxing	Executive Director and President	A Shares	Long position	Beneficial owner	60,032	0.00034	0.00029

Save as disclosed above and as at the Latest Practicable Date, as far as the Company was aware, none of the Directors, Supervisors and the chief executive of the Company or their respective associates had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) (i) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or (iii) which were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

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## GENERAL INFORMATION

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### **3. EMPLOYMENT OF DIRECTORS AND SUPERVISORS WITH SUBSTANTIAL SHAREHOLDERS**

As at the Latest Practicable Date, Mr. Guo Wenqing, Mr. Zhang Mengxing and Mr. Yan Aizhong, all being Directors, and Mr. Yin Sisong, Ms. Zhang Yandi and Mr. Chu Zhiqi, all being Supervisors, are directors or supervisors of CMGC and/or China Minmetals, which have an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

### **4. MATERIAL ADVERSE CHANGES**

As at the Latest Practicable Date, the Directors are not aware of any material adverse changes in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up.

### **5. SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors or Supervisors had any existing or proposed service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation (other than statutory compensation).

### **6. COMPETING INTERESTS**

As at the Latest Practicable Date, none of the Directors or any of their close associates had interests in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be disclosed under the Listing Rules.

### **7. OTHER ARRANGEMENTS INVOLVING DIRECTORS AND SUPERVISORS**

As at the Latest Practicable Date:

- (a) none of the Directors or Supervisors was materially interested, directly or indirectly, in any contract or arrangement entered into by any member of the Group subsisting at the Latest Practicable Date and which was significant in relation to the business of the Group; and
- (b) none of the Directors or Supervisors had any direct or indirect interest in any assets which had been since 31 December 2020 (the date to which the latest published audited accounts of the Company were made up), (i) acquired or disposed of by, (ii) leased to, (iii) are proposed to be acquired or disposed of by, or (iv) are proposed to be leased to, any member of the Group.

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## GENERAL INFORMATION

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### 8. EXPERT AND CONSENT

The following is the qualification of the expert who has given opinions or advice which are contained or referred to in this circular:

<b>Name</b>	<b>Qualification</b>
Gram Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO

As at the Latest Practicable Date, Gram Capital:

- (a) has given and has not withdrawn its written consent to the issue of this circular with the inclusion of its letter dated 25 May 2020 and references to its name, in the form and context in which it appears;
- (b) did not have any shareholding in any member of the Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group; and
- (c) did not have any direct or indirect interest in any assets which had been since 31 December 2020 (the date to which the latest published audited accounts of the Company were made up), acquired, disposed of by, or leased to any member of the Group or were proposed to be acquired or disposed of by, or leased to any member of the Group.

### 9. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the Framework Agreement is available for inspection during normal business hours on any weekdays (excluding Saturdays, Sundays and public holidays) at the Company's principal place of business in Hong Kong at Room 3205, 32/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong from the date of this circular and up to and including the date which is 14 days from the date of this circular.

**PERFORMANCE REPORT OF THE INDEPENDENT NON-EXECUTIVE  
DIRECTORS OF METALLURGICAL CORPORATION OF CHINA LTD.\*  
FOR THE YEAR 2020**

Dear Shareholders and Shareholders' representatives,

In 2020, as the Independent Directors of the second and the third session of the Board of Metallurgical Corporation of China Ltd.\* (“MCC” or the “Company”), we exercised our powers and functions independently, fairly and responsibly in strict compliance with the relevant laws and regulations such as the “Company Law of the People’s Republic of China”, the “Securities Law of the People’s Republic of China”, the “Guidelines for Introducing Independent Directors to the Board of Directors of Listed Companies” (《關於在上市公司建立獨立董事的指導意見》) issued by the China Securities Regulatory Commission and the “Certain Provisions in Respect of Strengthening the Protection of Interests of Public Shareholders” (《關於加強社會公眾股股東權益保護的若干規定》), as well as the rules and regulations including the “Articles of Association of Metallurgical Corporation of China Ltd.”, and the “Rules for the Work of Independent Directors of Metallurgical Corporation of China Ltd.” (《中國冶金科工股份有限公司獨立董事工作制度》) and with a diligent and conscientious working attitude. We timely learned the production and operating information of the Company, comprehensively monitored its development, attended in person its Board meetings and meetings of the special committees, carefully considered proposals and gave our opinions on significant events independently, objectively and prudently, and fully played our role as Independent Directors, which promoted the standard operation of the board of directors and various special committees and the continuous improvement of corporate governance, effectively protected the interests of the Company as a whole and safeguarded the legitimate interests of all Shareholders, in particular, the minority Shareholders. Major work performed during for the year 2020 is summarized as follows:

**I. BASIC INFORMATION ABOUT INDEPENDENT DIRECTORS**

**(I) CHANGES AND APPOINTMENT OF INDEPENDENT DIRECTORS**

At the beginning of 2020, the third session of the Board consisted of seven Directors, including four independent non-executive Directors, namely Mr. Zhou Jichang, Mr. Yu Hailong, Mr. Ren Xudong and Mr. Chan Ka Keung, Peter.

On 29 April 2020, the Company held its first extraordinary general meeting in 2020 to elect Mr. Ng, Kar Ling Johnny as an independent non-executive Director of the Company. On the same day, Mr. Chan Ka Keung Peter tendered his resignation as the independent non-executive Director of the Company and the convener of the Finance and Audit Committee due to work rearrangement. The Company convened the 16th Meeting of the Third Session of the Board and completed the relevant procedures of the alteration in member of the Finance and Audit Committee. On 2 January 2021, the Company received a notice from Mr. Ren



Xudong, an independent non-executive Director, Mr. Ren Xudong unfortunately passed away by illness. At present, the third session of the Board consists of six members, including three independent non-executive Directors, namely Mr. Zhou Jichang, Mr. Yu Hailong and Mr. Ng, Kar Ling Johnny.

Mr. Zhou Jichang is currently a member of the strategy committee, the Finance and Audit Committee and the Remuneration and Appraisal Committee of the Board s. Mr. Zhou Jichang also serves as a non-executive director of Freetech Road Recycling Technology (Holdings) Limited.

Mr. Yu Hailong currently serves as a member of the Finance and Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee of the Board and serves as the convener of the Remuneration and Appraisal Committee. Mr. Yu Hailong also serves as an independent director of China State Construction Engineering Corporation.

Mr. Ng, Kar Ling Johnny, currently serves as a member of the Finance and Audit Committee of the Board and serves as the convener. Mr. Ng Ka Ling Johnny also serves as an independent director of China Petroleum & Chemical Corporation, China Vanke Co., Ltd. and Fangdd Network Group Ltd.

The detailed biographical details of the Independent Directors are set out in the 2020 Annual Report of the Company.

## **(II) Independence**

Neither Independent Directors nor their immediate relatives and any persons with major social relationship with them are employed by the Company or its subsidiaries, nor hold either directly or indirectly 1% or more of the issued Shares of the Company. None of them are amongst the top ten Shareholders of the Company, nor hold office in Shareholder entities holding either directly or indirectly 5% or more of the issued Shares of the Company, nor hold office in the top five Shareholders entities of the Company.

None of the Independent Directors provides financial, legal, management consultancy, technical consultancy and other services to the Company or its subsidiaries, or has acquired any other additional benefits from the Company, its substantial Shareholders or interested institutions or employees that have not been disclosed.

Accordingly, all Independent Directors are equipped with independence as required by the “Guidelines for Introducing Independent Directors to the Board of Directors of Listed Companies” (《關於在上市公司建立獨立董事制度的指導意見》) issued by the China Securities Regulatory Commission and there is no event which may have impact on their independence.

## **II. OVERVIEW OF THE PERFORMANCE OF DUTIES BY INDEPENDENT DIRECTORS FOR THE YEAR**

In 2020, the Board of the Company proactively expanded the communication channels and promoted the optimization of an information-sharing system to ensure that Independent Directors were able to keep abreast of true and reliable information in a timely, comprehensively and complete manner, thus safeguarding the effective performance of the duties by Independent Directors. With the active support and assistance from the Company at all levels, all Independent Directors diligently discharged their duties and effectively fulfilled the duties prescribed by laws and regulations.

### **(1) Guarantee of duty performance by Independent Directors**

Firstly, in the course of operation of the Board, the Company further requires its departments and subsidiaries to create a favorable environment and conditions for Independent Directors to perform their duties, and to regularly submit the information in relation to the production and operation of the Company to each Independent Director. The advice and opinions on the production and operation, and reform and development of the Company made by Independent Directors are fully respected, carefully listened to, humbly accepted and actively implemented, so as to promote the sound development of businesses of the Company.

Secondly, prior to the consideration of significant events such as strategic management and control, major investment and financing, financial budget and final accounts, audit and internal control, management’s examination and remuneration, sufficient time is reserved for prior comprehensive study by the special committees of the Board to form special audit opinions and the conveners of each of the special committees to give their opinions at the Board meetings, thereby giving prominence to professional discussion and consultation function of the special committees and improving the scientific decision-making of the Board.

Thirdly, through means such as participating in training, study, researches and surveys, Independent Directors could constantly enhance their duty performance ability, which provides support for the Board to make decisions in a scientific manner.

**(2) Actively attend various meetings and fulfill the duties of Independent Directors**

**1. Board meeting**

In 2020, the Company convened 14 Board meetings in total, including 7 meetings held by way of on-site meeting (including a combination of on-site and communication conference) and 7 meetings held through communication conference. The Board considered proposals and heard reports with a total of 95 resolutions and passed 79 resolutions.

Each Independent Director attended the above-mentioned meetings, the details of which are as follow:

Name	Number of attendance at Board meetings required for the year	Number of meetings attended in person	Number of attendance through communication tools	Number of meetings attended by proxy	Number of absence
Zhou Jichang	14	14	12	0	0
Yu Hailong	14	14	11	0	0
Ng, Kar Ling Johnny	9	9	8	0	0
Ren Xudong	14	13	10	0	1

Prior to the meetings, each Independent Director carefully considered the relevant documents, raised concerns and issues in a timely manner and communicated with the management or relevant departments of the Company to make a deep understanding of situations and to obtain information. At the meetings, they earnestly considered each issue, actively participated in discussions, provided recommendations and opinions, and expressed independent views on all decisions made by the Board. Meanwhile, the Independent Directors exercised their voting rights independently, thereby ensuring the independence of decision-making of the Board.

**2. Meetings of special committees of the Board**

At the beginning of 2020, the participation of the third session of Independent Directors in special committees is as follows:

<b>Special Committee</b>	<b>Members</b>	<b>Independent Director</b>	<b>Convener</b>
Strategy Committee	3	Zhou Jichang	Guo Wenqing
Finance and Audit Committee	3	Chan Ka Keung, Peter, Zhou Jichang and Yu Hailong	Chan Ka Keung, Peter
Nomination Committee	3	Yu Hailong and Ren Xudong	Ren Xudong
Remuneration and Appraisal Committee	3	Yu Hailong, Zhou Jichang and Ren Xudong	Yu Hailong

At present, the participation of the third session of Independent Directors in special committees is as follows:

<b>Special Committee</b>	<b>Members</b>	<b>Independent board members</b>	<b>Convener</b>
Strategy Committee	3	Zhou Jichang	Guo Wenqing
Finance and Audit Committee	3	Ng, Kar Ling, Johnny, Zhou Jichang, Yu Hailong	Ng Kar Ling, Johnny
Nomination Committee	2	Yu Hailong	–
Remuneration and Appraisal Committee	2	Yu Hailong, Zhou Jichang	Yu Hailong

In 2020, the third session of special committees held 17 meetings in total, at which 42 topics were discussed, among which, the Strategy Committee held 3 meetings, at which 3 issues were considered and discussed; the Finance and Audit Committee held 9 meeting, at which 33 issues were considered and discussed; and the Nomination Committee held 2 meetings, at which 3 issues were studied and discussed; and Remuneration and Appraisal Committee held 3 meetings, at which 3 issues were studied and discussed.

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**APPENDIX I PERFORMANCE REPORT OF THE INDEPENDENT NON-EXECUTIVE DIRECTORS**

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The attendance of each Independent Director at meetings of special committees is as follows:

Name	Number of meetings of special committees attended during the year	Strategy	Finance	Nomination	Remuneration
		Committee	and Audit	Committee	and Appraisal
		(Times)	Committee	(Times)	Committee
			(Times)	(Times)	(Times)
Zhou Jichang	15	3	9	–	3
Yu Hailong	15	–	9	2	3
Ng, Kar Ling, Johnny	5	–	5	–	–
Ren Xudong	5	–	–	2	3
Chan Ka Keung, Peter	4	–	4	–	–

In the course of performing their duties in the above special committees, all Independent Directors leveraged on their respective professional knowledge, management experience and qualification and adhered to the professional ethics of diligence to provide professional opinions and constructive advice on the appointment of auditors, auditing of the Company's annual financial report, key financial indicators and financial report of the Company, implementation of internal control system and performance appraisal of senior management and emolument distribution, thereby providing reference for the decision-making of the Board and ensuring that the decision-making of the Board is objective, fair and scientific.

**(3) Earnestly consider significant matters and prudently issue opinions**

In 2020, each Independent Director earnestly reviewed the matters submitted to the Board for decision. For the related party transactions, use of raised funds, guarantee, profit distribution and other important matters that need special attention of Independent Directors, each Independent Director expressed independent views or issued explanations on the following matters in accordance with relevant laws and regulations:

1. The “Proposal on the Implementation of the Relocation Project of Wuchuan People’s Hospital by MCC Urban Investment in PPP model” (the 12th meeting of the third session of the Board)
2. The “Proposal on the Implementation of the Overall Relocation Project of Wuchuan Hospital of traditional Chinese Medicine by MCC Urban Investment in PPP model” (the 12th meeting of the third session of the Board)
3. the “Resolution on Nomination of Independent Director Candidates by CMGC” (the 12th meeting of the third session of the Board)
4. the “Resolution on the Adjustment of the Emoluments of Independent Directors of MCC” (the 12th meeting of the third session of the Board)
5. The “Proposal in Relation to Temporary Use of Idle Funds Raised from IPO of A Shares as Supplementary Working Capital” (the 14th meeting of the third session of the Board)
6. The “Proposal in Relation to the Use of Idle Funds Raised from H Share Issuance as Supplementary Working Capital” (the 14th meeting of the third session of the Board)
7. The “Proposal in Relation to the Emoluments of Directors and Supervisors of MCC for the Year 2019” (the 14th meeting of the third session of the Board)
8. The “Proposal in Relation to the Plan of Guarantees to be provided by MCC for the Year 2020” (the second meeting of the third session of the Board) (the 14th meeting of the third session of the Board)
9. The “Explanation Regarding the Situation of Guarantees of MCC for the Year 2019” (the 14th meeting of the third session of the Board)

10. the “Resolution regarding MCC’s 2019 Profit Distribution” (the 14th meeting of the third session of the Board)
11. the “Resolution on the Proposed Acquisition by MCC Real Estate of 50% equity interest in MCC Mingheng from Minmetals Trust” (the 14th meeting of the third session of the Board)
12. the “Resolution on the Appointment of the Auditor of the Financial Report and Internal Control Auditor of the Company for the Year 2020” (the 17th meeting of the third session of the Board)
13. the “Proposal on the Transfer of Related Assets of Qingshuitang Production Area of China First Metallurgical Group to Zhuzhou Smelter Company” (the 18th meeting of the third session of the Board)
14. the “Proposal on the Revision of Annual Cap of Routine Connected Transactions/ Continuing Connected Transactions in 2020” (the 20th meeting of the third session of the Board)

**(4) Actively conduct on-site investigation to deeply grasp the operation**

From 9 October to 12 October, independent Directors Zhou Jichang, Yu Hailong and Ren Xudong went to Baotou, Hohhot and Lanzhou to conduct research and guidance work. They listened to the work reports of China Second Metallurgical Group Corporation, China Non-ferrous Engineering and Research Institute and China MCC 17 Group on the overall development of the Company, the market development of regional companies and the progress of key engineering projects. They also inspected the Project of comprehensive underground pipe gallery in Baotou city of Second Metallurgical Corporation, Hohhot West 2nd Ring Road South extension rapid transformation Project, Lanzhou Chaijiaxia Yellow River Bridge Project, Lanzhou Yanerwan Sewage Treatment BOT Project of China Non-ferrous Engineering and Research Institute, and Lanzhou Olympic Sports Center PPP Project of China MCC 17 Group.

During the investigation of Second Metallurgical Group Corporation, the independent Directors visited the exhibition hall of honor of Second Metallurgical Group Corporation and listened to the report of the Second Metallurgical Group Corporation on the reform, development and operation management. The independent Directors believed that the Second Metallurgical Group Corporation of China had achieved remarkable results in transformation and upgrading in recent years, with clear development strategy and clear direction and should

continue to maintain the current good development trend, work steadily and step by step to promote the healthy and steady development of the enterprise. Therefore, the independent directors put forward the following requirements: first, according to the development status of the Second Metallurgical Group Corporation, we should make up for the shortcomings, increase the growth items, integrate the resources, increase the investment in scientific and technological innovation, strengthen the construction of project management and control platform, adopt various ways to reduce costs and increase efficiency, improve the project income, and enhance the economic benefits of the enterprise; second, we should standardize the corporate governance, strengthen the construction of the board of directors, establish a scientific decision-making mechanism, and do good job in risk prevention and control; third, improve the incentive mechanism, pay attention to personnel training and enhance the enthusiasm and cohesion of employees; Fourth, accelerate the layout of regional markets such as Xi'an, pay attention to performance control, and improve the Company's market competitiveness and internal strength.

At the site of Yanerwan sewage treatment project of China Non-ferrous Engineering and Research Institute, the independent directors successively listened to the general situation of China Non-ferrous Engineering and Research Institute and the reports of ENFI Environmental Protection Project and regional market development, and inspected the site of Yanerwan Sewage Treatment Project and the phase II of the bid upgrade and expansion project under construction. The independent directors fully acknowledged the firm implementation of the Group's strategic positioning and rapid and healthy development in recent years by China Non-ferrous Engineering and Research Institute and Enfi Environmental Production Co., Ltd., and put forward the following requirements for the future high-quality development of the enterprise: first, work hard on high-quality development, use advanced technology patents and intellectual property rights for technological innovation, and improve the market conversion rate of technological innovation. Second, focus on the main business, optimize the business layout, further improve the management level, seize the market opportunities, increase market development efforts, at the same time, pay close attention to the "Two Funds", accelerate the recovery and transformation of polycrystalline silicon, relieve the burden, and improve the economic benefits of enterprise; third, seize the opportunity of Double Hundred Enterprises pilot and improve the incentive mechanism; fourth, use advanced technology to develop industries and create products, increase the docking with the capital market, and introduce strong financial support for enterprise development in combination with the existing market and technological innovation.



At the site of the Project of Lanzhou Olympic Sports Center of the China MCC 17 Group, the independent directors successively listened to the reports on the overall development of China MCC 17 Group and the projects in hand and market development of the Northwest Company of China MCC 17 Group, and inspected the science and technology exhibition center of the project and the projects of the Olympic Sports Center under construction. The independent directors believe that in recent years, the development concept of China MCC 17 Group is scientific, the operational indicator is satisfactory, the operation quality is good, and it has made good achievements in market development, business layout and other aspects; the on-site management level of Lanzhou Olympic Sports Center project is high, with high technologies, which is worthy of publicity and promotion within the Company and the industry. The independent directors put forward the following requirements for China MCC 17 Group: First, tap the space for general contracting management, reduce the cost and improve the efficiency by introducing new technologies, processes, materials and equipment; second, strengthen the management of “Two Funds”, pay close attention to the operating cash flow, and strive to achieve higher quality operation; third, deeply explore all kinds of risks in the project management process, pay high attention to financial, management and security risks, and do a good job in the operation risk prevention of PPP projects.

### **III. KEY CONCERNS ON THE PERFORMANCE OF DUTIES BY INDEPENDENT DIRECTORS FOR THE YEAR**

In 2020, each Independent Director performed the duties of Independent Directors diligently and in good faith, attended meetings as scheduled, comprehensively and timely studied the business development of the Company, conducted investigation and research on specific matters in due course, such as the production and operation, financial management, internal control system establishment, utilization of proceeds, connected transactions, and daily operations, and heard specific reports from relevant officers in order to obtain information and materials required for decision-making and to point out potential risks that the Company may face. Meanwhile, Independent Directors utilized their own knowledge and background in the course of performance of routine duties to provide constructive opinions to the development and standardized operation of the Company and actively and effectively performed the duties of Independent Directors, which in turn has made positive contributions to the scientific decision-making of the Board. Key concerns for 2020 are as follows:

**(1) Connected transactions**

During the reporting period, each Independent Director has conducted prior inspection of all matters involving connected transactions of the Company, and issued their independent opinion. They were of the view that decision-making of connected transactions and voting procedures were in compliance with the requirements of laws and regulations as well as the Articles of Association. The parties to the transactions followed the law of the market, entered into the agreement based on the principles of voluntariness, equality and mutual benefit, and shall be entitled to rights and perform duties as agreed. No such connected transactions would harm the interests of the Company and non-connected Shareholders, especially minority Shareholders, nor would they establish the reliance of the Company's business on related parties.

**(2) External guarantees**

The Independent Directors considered the annual guarantee plan of the Company and reviewed its external guarantees in accordance with the provisions under the "Notice Concerning the Regulation on the Flow of Funds between Listed Companies and their Related Parties and the Provision of Guarantees by Listed Companies to External Parties" (《關於規範上市公司與關聯方資金往來及上市公司對外擔保若干問題的通知》) and the "Notice on Regulating the External Guarantees by Listed Companies" (《關於規範上市公司對外擔保行為的通知》) of the China Securities Regulatory Commission. During the reporting period, the Company did not provide any external guarantee in violation of the specified decision-making procedures.

**(3) Use of proceeds**

In accordance with the relevant regulatory requirements, the Independent Directors reviewed the matters submitted for the Board's consideration, such as the temporary use of certain idle funds as supplementary working capital. They considered that the above-mentioned matters did not conflict with the implementation plan of investment projects with proceeds. Neither circumstances affecting or harming the Shareholders' interests nor behavior of changing the allocation of proceeds in a disguised way existed, which would not have impact on the normal operation of the fund-raising projects and were beneficial to improve the utilization efficiency and effectiveness of proceeds. This was in the interests of the Company and its Shareholders as a whole. The relevant consideration procedures complied with relevant laws and regulations and the Articles of Association.

**(4) Nomination and remuneration of Directors and senior management**

In accordance with the relevant regulatory requirements, the Independent Directors reviewed nomination and remuneration of Directors and senior management, and are of the view that relevant personnel have the qualifications to serve as directors and senior management of a listed company. They have not been aware of any circumstance that anyone is prohibited from acting as a director or senior management of the Company under the Company Law or the Articles of Association, or that anyone is determined by the China Securities Regulatory Commission as a person blocked from entering market and such determination has not yet been lifted. The candidate nomination procedures have complied with relevant provisions of laws, regulations and the Articles of Association. The remuneration of Directors for 2020 was determined and paid in strict compliance with relevant policies of the Board, and the remuneration disclosed was presented pursuant to the requirements on indicators in the H-share annual report, with the data verified.

**(5) Audit of financial report and preparation of annual report**

In respect of significant events drawing the market's attention, the Independent Directors put forward reasonable proposals for the contents required to be substantially disclosed for the consideration at the Board meeting. When preparing the annual report, they followed up the annual audit and the preparation of annual report, communicated with the management of the Company in a timely manner with respect to the audit opinions and the important matters during the audit process, and ensured various effective communications with auditors before and after the preparation, and expressed professional opinions in accordance with relevant requirements of the "Work Procedures related to Annual Report of Independent Directors".

**(6) Appointment or change of auditors**

The Independent Directors were involved in selection of the auditors for the financial report and internal control auditors of the Company. The independent directors are of the view that the tender procedures of the Company's auditors are in compliance with the relevant requirements of the Company. After full discussion and careful study, the independent directors are of the view that WUYIGE possesses the auditing qualifications for listed companies in both A + H markets, extensive experience in auditing services for companies in A + H markets, and possesses the qualifications and competence required to provide auditing service to the Company. The Independent Directors agreed to appoint WUYIGE as the Company's 2020 annual financial report audit, interim financial report review office and the accounting firm responsible for internal control audit of the Company in 2020.

**(7) Cash dividends and other investor’s return**

On 29 June 2020, the annual general meeting of the Company in 2019 considered and approved the Resolution regarding MCC’s 2019 Profit Distribution and agreed that after deducting the statutory common reserve fund, the Company shall pay a cash dividend of RMB0.72 (tax inclusive) for every 10 shares to all its shareholders. A total cash dividend of RMB1,492,100 thousand, which was actually paid in the current year.

**(8) Undertakings by the Company and the Shareholders**

CMGC, the controlling Shareholder of the Company, has undertaken before the Company’s IPO that it will avoid engaging in or participating in businesses which may have a competing business with MCC’s principal business.

China Minmetals, the indirect controlling Shareholder of the Company, has undertaken during the Strategic Restructuring with the Company that China Minmetals will minimise the business overlap between both China Minmetals and other enterprises controlled by China Minmetals, and MCC, China Minmetals will minimise the business overlap between the two parties. China Minmetals and other enterprises controlled by it will not, in any way, create, directly or indirectly, new business areas that compete with MCC, and will not newly establish the same or similar business with MCC and will not form a controlled subsidiary that constitutes substantial inter-industry competition to MCC. If the products or services to be operated by the unlisted subsidiaries controlled by China Minmetals or other unlisted affiliates are likely to compete with the principal products or services of MCC, China Minmetals agreed that MCC shall have the right to preferentially acquire assets related to such products or services or the entire equity interest of China Minmetals in the subsidiaries. MCC has the sole discretion as to when to request China Minmetals to sell the aforementioned competing business to it.

The Company undertakes that during the term of the Company’s public issuance of corporate bonds (phase I) in 2017 (hereinafter referred to as “**2017 Corporate Bonds**”) and the Company’s public issuance of corporate bonds (phase I) in 2018 (hereinafter referred to as “**2018 Corporate Bonds**”), if the Company is expected to fail to pay the principal and interest of the bonds on schedule or fail to pay the principal and interest of the bonds on schedule at the maturity of the bonds, at least two measures will be taken, including not distributing profits to common shareholders and not reducing registered capital. The raised funds of 2017 Corporate Bonds and 2018 Corporate Bonds are only used for the corporate production and operation that meet the requirements of laws, regulations and policies of the PRC. The raised funds will be used in strict accordance with the purpose in the prospectus, and will not be used to lend to others, for non-productive expenditure and real estate business, and an effective supervision mechanism and isolation mechanism for the raised funds will be established.

The independent Directors consider that during the reporting period, the above-mentioned commitment to solve and avoid horizontal competition has been strictly fulfilled; the use of all raised funds of corporate bonds is consistent with the purpose, use plan and other agreements promised in the prospectus; the operation of raised fund accounts is standardized, and all withdrawals and uses of funds have gone through the Company's internal approval procedures.

**(9) Implementation of information disclosure**

In 2020, the Company seriously organized and completed the work of information disclosure in strict compliance with relevant requirements of regulatory authorities, such as the CSRC, the Shanghai Stock Exchange and the Hong Kong Stock Exchange. It made the information disclosure through statutory channels including designated newspapers and websites in a truthful, accurate, complete, timely and fair manner, according to the principle of simultaneous disclosure in both listed jurisdictions. As of 2020, the Company has been awarded by SSE as the Level A (the best) listed company in information disclosure for four consecutive years.

**(10) Execution of internal control**

The independent Directors listened to the report on internal control development and evaluation on a regular basis, proposed constructive opinions and advice and guided the Company to constantly seek methods and approaches in practice to optimize the standardized implementation of internal control. On the basis of urging the Company to strengthen the system construction and special examination, the Board conducted self-evaluation on the effectiveness of internal control and formulated a self-evaluation report, and also appointed auditors to conduct special audit on the effectiveness of the execution of internal control for the financial report of the Company.

**IV. OVERALL EVALUATION AND RECOMMENDATION**

As independent Directors of the Company, we diligently, independently and prudently performed our duties based on the principle of safeguarding the interests of the Company and minority Shareholders. In 2020, there were no circumstances that independent Directors proposed to convene Board meetings. In the normal operation of the Company, there were no circumstances that independent Directors appointed external auditors and advisors independently.

In 2021, we will continue to study thoroughly the production and operation matters of the Company and continue to perform our duties in a prudent, earnest, diligent and honest manner in accordance with the provisions and requirements of independent Directors under relevant laws and regulations. Leveraging on our professional knowledge and intensive experience, we will provide opinions for reference by the Board in its decision-making and provide appropriate recommendations on the development of the Company; it is also our hope to facilitate solid operation and standardized running of the Company through concerted efforts, so as to continuously enhance the quality of the Company's operation, and to safeguard the legitimate interests of the Company and Shareholders.

Report is hereby given.

*Independent Non-executive Directors:*

**Zhou Jichang, Yu Hailong, Ng, Kar Ling Johnny**

**WORK REPORT OF THE BOARD  
OF METALLURGICAL CORPORATION OF CHINA LTD.  
FOR THE YEAR 2020**

In 2020, continuously adhering to the strategic positioning of “being the national team of metallurgical construction, the main force of infrastructure construction, and the frontrunner of emerging industries, and insisting on the road of high-tech and high-quality development in the long term”, MCC assumes the national responsibility of leading China’s metallurgical industry to a higher level with its advanced core technology, integrated advantages in the irreplaceable whole metallurgy industry chain, and the capacity of continuous innovation. Relying on its outstanding scientific research, exploration, design and construction capabilities, MCC speeds up transformation and upgrading, builds up the “four-beam and eight-pillar” business system, and forges itself into the leading force of national infrastructure construction. By taking innovation as the new engine and fuel for corporate development, MCC undertakes the important task to innovate and lead China’s development of emerging industries, thus constantly upgrading itself with new ‘name card’ for promoting sustainable development under the new normal.

Over the past year, for the purpose of maintaining and increasing the value of the state-owned assets and maximizing Shareholders’ interests, based on the function of “determining strategy, managing team, discussing important issues and controlling risks”, the Board performed the review procedure for the matters that shall be examined and approved by the Board pursuant to the laws and regulations, and effectively improved standard of specified operation and quality of efficient decision, so that the Company continued to show a steady and steep upward development trend. The Board of the Company was awarded the “Golden Round-table, Best Board of Directors” for three consecutive years.

**I. OPERATING RESULTS OF THE COMPANY**

In 2020, in the face of the severe external challenges such as the impact of pandemic and the economic downturn, the Company pushed forward against the pressure and moved forward against the trend. Results of our operation have again reached a historical new height with steady advancement in the quality of development. The operating revenue of MCC amounted to RMB400.115 billion, representing a year-on-year growth of 18.15%. Total profit was RMB11.917 billion, increasing by 21.83% year on year, of which net profit attributable to Shareholders of the Company recorded RMB7.862 billion, increasing by 19.13% year on year; newly signed contracts exceeded RMB1 trillion for the first time, amounted to RMB1,019.728 billion, representing a year-on-year increase of 29.47%. The long-term development trend of the Company continues to consolidate.

**(I) Engineering Contracting Business**

In 2020, facing the challenges of pandemic, flooding and international trade friction, the Company firmly seized the favorable opportunity of the new development pattern with the domestic great circulation as the main body and the mutual promotion of the international and domestic dual circulation, focusing on high-quality development, setting sales and marketing as our leading objective, pursuing innovation as new engine for development. The Company focused on core industries, core areas, core projects and core customers and achieved higher-than-expected business performance. The newly signed contracts exceeded RMB1 trillion for the first time, creating a record high against the downtrend. During the reporting period, the newly signed engineering contracts of the Company amounted to RMB978.607 billion, representing a year-on-year increase of 30.37%, further creating a record high. Newly signed metallurgical engineering contracts amounted to RMB143.403 billion, and accounted for 14.65% of the newly signed engineering contracts, representing a decrease of 2.42 percentage points over the same period of 2019. Newly signed non-metallurgical engineering contracts amounted to RMB835.204 billion, and accounted for 85.35% of the newly signed engineering contracts, representing an increase of 2.42 percentage points over the same period of 2019.

**Overall operating results of the engineering contracting business in 2020***Unit: RMB'000*

	<b>2020</b>	<b>% of the total</b>	<b>2019</b>	<b>Year-on-year increase/ decrease</b>
Segment operating revenue	363,965,127	89.38%	311,836,814	16.72%
Gross margin (%)	10.17	–	10.14	Increased by 0.03 percentage point

*Note:* The segment operating revenue and gross margin are data without offsetting inter-segment transactions.



### 1. *Metallurgical Engineering Construction Business*

MCC, as the largest and most capable metallurgical construction contractors and operating service providers of metallurgical enterprises in the world, being the national team of the world's top metallurgical construction as the target. By strictly following the pace of green transformation and intelligent manufacturing in domestic iron and steel industry, the Company has re-constructed a new supply system of metallurgical construction service, which was in line with future sustainable development, standing firmly on the top of the world's technology and the high end of industry chain value, undertook the national responsibility of guiding the metallurgy in China to a higher level and to the central world stage, and establish the core technology and control capabilities in eight major parts and nineteen units of the traditional metallurgical procedures of the Company, thereby providing overall solutions for the entire industry chain of iron and steel enterprises. In terms of market expansion, the Company leveraged the advantages of the entire industry chain to provide convenient one-stop solutions for our customers. Ensuring that large and medium-sized projects of major iron and steel companies kept up with pace to occupy 90% of the domestic metallurgical market and 60% of the global metallurgical market, the Company firmly consolidated the absolute status of being the “national team for metallurgical construction”.

The operating revenue of the metallurgical engineering construction business of the Company for the recent 3 years and the proportion accounting for the total contract income of the projects are as follows:

*Unit: RMB'000*

Items of revenue	2020		2019		2018	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Metallurgical engineering	90,498,906	24.86	70,286,830	22.54	64,836,330	25.10

*Note:* The segment operating revenue and gross margin are data without offsetting inter-segment transactions.

During the reporting period, the Company closely kept up with the pace of adjustment to the layout and upgrading of industry, facilitated further cooperation with key steel enterprises and continued to consolidate the leading position of the metallurgical market. Newly signed metallurgical engineering contracts amounted to RMB143.4 billion, creating a record high. The Company successively won the bid for more than 20 major general contracting metallurgical projects, including Zenith Steel, Angang Zhoukou Base, Zhongxin Steel, Guangxi Fangcheng Port Steel, Rizhao Steel in Shandong, Shandong Linyi Steel, among which, Shandong Linyi Special Steel Project is the largest single metallurgical EPC project in China. At the same time, the Company gave full play to the leading role in the high-tech field of the industry, and actively implemented the green and intelligent development concept of the steel industry. In terms of greening, the Company won the bid for the design of HBIS hydrogen energy development and utilization demonstration project, the world's first hydrogen energy development and utilization demonstration project, exploring the best way for the world steel industry to develop a low-carbon or even "zero-carbon" economy; In terms of intelligence, Maanshan Iron and Steel former Integrated Intelligent Management and Control Center project, which has the largest scale, the largest number of production lines and the highest integration in the bid-winning industry, achieved the transition from experience-driven to digital- and intelligent-driven of iron smelting production of the Company.

In the international market, the Company undertook the responsibility of guiding the metallurgy in China to a higher level and to the central world stage, persistently distinguished itself as the brand of "the national top one team for metallurgical construction" in the world with its first-class design and construction. During the reporting period, Dexin Steel, the first long-process common carbon steel production base in Indonesia, which is designed and constructed by the Company's general contract, has been successfully put into production, expanding the Company's brand influence in Southeast Asia. The Company entered into the contract for high-end electrical steel continuous annealing unit used in new energy vehicles with NLMK, a steel giant in Russia; the contract for rotary hearth furnace EPC project with Formosa Ha Tinh Steel Corporation; the general contract for Converter Gas Recovery Project with HBIS Serbia Steel Factory; the equipment supply contract for Phase II and Phase III of the RKEF project of lateritic nickel mine with CNI Company of Indonesia, to continuously promote the overall output of self-development of core technology and equipment.

## 2. *Non-Steel Engineering Construction Business*

### (1) *Housing Construction and Infrastructure Construction*

MCC, as the major force for fundamental construction, plays a role in the new development layout of international and domestic dual cycle. The Company has actively served and supported major national strategies and has given full play to the leading role in the fundamental construction industry. During the reporting period, the Company closely followed the national regional development strategy, and adhered to the large regional market development strategy. The newly signed contracts value in the four major regions, namely Beijing-Tianjin-Hebei, Chuanyu, Central China, Jiangsu-Zhejiang-Shanghai, has all exceeded RMB100 billion, among which, the development project of Shandong Linyi International Port Area has set a record for the largest contract value of the Company's EPC. Xi'an Subway and Shenzhen Subway have enabled the Company to make major breakthroughs in the field of the subway construction. The Xiamen Tianma Project is the single electrical plant project with the largest floor area in the world.

The Company has actively explored new business models and obtained the "high-tech, new, multi-functional and large-scale" by participating in PPP and investment, financing, construction projects. The contract value of the bid-winning investment and financing project reached RMB87.2 billion for the whole year, which effectively assisted in contracting signature major projects, among which, the ABO Project of the Tract Development of Urban Village in the Main Urban Area of Baoding City is the largest single contract with the largest investment amount signed by the Company in recent years by adopting the new business model.

In overseas market, the business structure has achieved diversified development. During the reporting period, the Company won the bid for the New Cambodia International Airport project in Phnom Penh, the highest level 4F international airport, and successfully signed the project of the Wanli Safari in Singapore, the world's first rainforest theme park. At the same time, the Company worked to ensure high-quality contract performance, solidly promoted, which is the production of No. 1 production line of the Saudi YAMAMA cement plant project the largest cement plant in the world with daily production capacity.

The operating revenue of the non-steel engineering construction business of the Company for the recent 3 years and the proportion accounting for the total contract income of the projects are as follows:

*Unit: RMB'000*

Items of revenue	2020		2019		2018	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Housing construction						
Engineering	165,001,421	45.33	147,049,726	47.16	107,540,465	41.63
Transportation						
infrastructure	77,372,999	21.26	67,393,860	21.61	54,016,566	20.91
Other engineering	31,091,801	8.54	27,106,398	8.69	31,937,562	12.36

*Note:* The segment operating revenue and gross margin are data without offsetting inter-segment transactions.

(2) *Emerging Industries*

During the reporting period, the Company seized the opportunity for development of national strategic emerging industries. With strong technological advantages accumulated in the fields of iron and steel metallurgy and infrastructure construction, the Company constantly increase its competitiveness in emerging markets through resource integration, technological advancement, and marketing model adjustment. The Company made new breakthroughs in areas such as in eco-environmental protection industry, featured theme engineering, healthcare and senior care.

In terms of eco-environmental protection industry, the Company has actively participated in the eco-environmental protection improvement. The Company focused on key development of markets such as municipal wastewater treatment, general treatment of river basins, general treatment of black odorous water, waste-to-energy, and soil and mine remediation. In recent years, the Company is developing rapidly in the field of water management and continuously expanding its market share. Currently, there are a total of 27 water projects in operation, mainly in North China, East China and Southern China, which are economically developed and with high urbanization and population density, with a total designed capacity of 2.62 million tons per day. In 2020, the Company continued its efforts to optimize and integrate the existing water management segment. The Company established China Metallurgical

Ecological Environmental Protection Group Co., Ltd., a professional subsidiary with specialized full industry chain, integrated with water, solid waste, ecological environment management investment, engineering construction and operation. The specialized company relies on the “MCC” brand, leveraging double drive of technology and investment to fully capture the market share of water segment and strive to become a leading enterprise in the ecological environmental protection industry during the 14th Five-Year Plan period.

During the reporting period, the Company made a lot of significant progress in the development of the field of eco-environmental protection improvement. The Company successfully obtained the energy station project in Rongdong Area in Xiong’an, the most advanced in energy conservation and environmental protection in China, and the recycled building materials yard project in Anzhou feature towns and Zangang Area with the most advanced environmental protection design in China. The Company won the bid for a number of major projects, including the Great Yangtze River Protection Project of Changyang in Yichang City, the comprehensive ecological restoration project in ecological zones around the city of Chengdu, Fuhuanhe outlet reach of Yangtze River tributary comprehensive treatment project (Phrase I) in Wuhan, the project for upgrading construction for sewage treatment plant in Zhuozhou, treatment project for geological environment of mines in the mining areas in the east of Sanhe, Langfang City (Phase V), Ganzhou Nankang household waste incineration power plant project.

In terms of the field of special theme projects, MCC, as the world’s largest contractor for theme park construction with the only professional design institute for theme parks in China, is the country’s one and only enterprise qualified for both theme park design and the execution of entire construction projects. During the reporting period, the project of Hollywood and Transformers Base Scenic area in Universal Studios Beijing constructed by the Company were completed and accepted for inspection. The completed project will surpass the Universal Studios Orlando in the United States, becoming the world’s largest, most intelligent and most high-end global theme park. The first snowmobile and sleigh track project in China – the National Snowmobile Sled Center for Winter Olympics in Beijing undertaken by the Company, has successfully completed the landscape certification and operation security work. On this basis, the Company successfully won the bid and signed a series of major featured themes projects, including the general contracting project for Mandai Rainforest Northern Park in Singapore, project engineering for Expo Park of 2021 Yangzhou World Horticultural Expo, Paramount Film Theme Park in Xianshan International Cultural Village, Wuzhou Guangxin Forest Park, to further demonstrate the leading demeanor of the Company in this field.

In terms of the healthcare and senior care industry, the Company actively conformed to the development trend of the public healthcare and senior care industry and the pressing needs in demand of the market by adopting the double innovative mode of “research institute + healthcare and senior care investment platform”. Leveraging the technological advantage of the Healthcare and Senior Care Industry Technology Research Institute of MCC, the Company offered owners with all-round and comprehensive services of “healthcare, rehabilitation, senior care, health-consciousness, fitness, travel and culture” with professional and full-range perspectives. During the reporting period, the Company gradually won the bid for and obtained a number of major projects, including the project for Shenzhen Shajing People’s Hospital Extension (Phase II), Tianjin Dong Li Hu Lijianyuan Big Health Industry Upgrading Project, general EPC project for Medical Health Emergency Industry Base in Sichuan, relocation PPP project of Guangdong Province Wuchuan People’s Hospital, to create the “healthcare and senior care +” brand effect of MCC.

## **(II) Property Development Business**

In 2020, weighted by the property development policies, the Company adopted different policies that were tailored to characteristics of each category and of each city, and continuously carried on accomplishing the strategic layout that Yangtze River Delta, Pearl River Delta and the Beijing-Tianjin-Hebei Region are taken as core development areas with coverage nationwide by speeding up works on reserving quality land parcels in key areas. In 2020, through market tender, the Company acquired 6 land parcels with site area and permissible gross floor area of 108,100 sq.m. and 205,700 sq.m. respectively. During the reporting period, the amount invested by the Company in property development was RMB23.271 billion, representing an increase of 21% year-on-year; the construction area was 10.4151 million sq.m., representing a decrease of 11% year-on-year; of which the new construction area was 1.9879 million sq.m., representing an increase of 14% year-on-year, while completed area was 2.7706 million sq.m., representing an increase of 72% year-on-year.

During the reporting period, the real estate business of the Company showed outstanding performance. Shijiazhuang MCC • Shengshi International Plaza Project received the LEED CS Gold rating, and Shenzhen Qianhai MCC Science and Technology Building successfully won the gold medal in architectural concept of 2020 MUSE Design Awards. The quality of development has been recognized in the industry.

## The overall operating results of the property development business in 2020

Unit: RMB'000

	2020	% of the total	2019	Year-on-year increase
Segment revenue	24,114,286	5.92%	19,961,558	20.80%
Gross margin (%)	20.66	–	25.95	Decreased by 5.29 percentage points

*Note:* The segment operating revenue and gross margin are data without offsetting inter-segment transactions.

During the reporting period, the highlights of property projects developed by the Company included Zhuhai MCC Yijing Mansion Project, Qinhuangdao Zhongye Dexian Huafu Project, Shijiazhuang Zhongye Dexian Huafu Project, Shijiazhuang Dexian Shengshi Plaza Project, Qingdao Zhongye Dexian Mansion Project, Sanhe City MCC Headquarters Base Project and MCC Xinglong Xincheng Hongshijun Project.

**(III) Equipment Manufacturing Business**

The business of the Company's equipment manufacturing segment mainly includes research and development, design, manufacturing, sale, installation, fine-tuning, inspection and repair of metallurgical equipment and its spare parts, steel structures and other metal products as well as other related services. After years of construction, the Company's equipment manufacturing business is dominated by metallurgical equipment products, which basically covers the entire process of steel metallurgy construction, and the Company possesses a number of proprietary intellectual property rights and a strong metallurgical equipment integration capability. As of the end of the reporting period, the Company had a total of 10 second-tier subsidiaries with equipment manufacturing (metallurgical and non-metallurgical) businesses and 22 manufacturing bases (excluding equity participation enterprises), whose main representative products were sintering machines, cooling machine, industrial furnace, feeder, rolling mill, blast furnace, steelmaking, continuous casting and other metallurgical products, as well as entertainment equipment, welding materials, steel connectors and other non-metallurgical products.

## The overall operating results of the equipment manufacturing business in 2020

*Unit: RMB'000*

	2020	% of the total	2019	Year-on-year increase/ decrease
Segment revenue	11,056,954	2.72%	7,232,276	52.88%
Gross margin (%)	13.92	–	10.21	Increased by 3.71 percentage points

The Company is the founder of steel structure engineering in New China and is one of the pioneers in the steel structure industry in China with a leading technological and industrial advantage formed in the process of long-term development. The Company currently owns several state-level steel structure engineering technology centers, such as the National Steel Structures Engineering Technology Research Centre, MCC Steel Structure Manufacturing and Installation Engineering Technology Center, with several scientific research and design subsidiaries edited and participated in drafting all kinds of domestic rules and standards for the design, manufacture and construction of steel structures, which make the Company in a leading position in the field of comprehensive technology of steel structure in China.

At present, the capacity (including base and on-site production), industry scale and manufacturing volume of steel structure manufacturing of the Company rank forefront in the same industry in China. The steel structure manufacturing base of the Company covers nearly all the economic hotspots in China, which have participated in the construction of most of the stadiums for sports events and the construction of a number of major international conference venues. The Company has completed large number of major and iconic infrastructure projects and established a good brand image in the market. As of the end of the reporting period, the Company had a total of 13 second-tier subsidiaries with steel structure business and 32 steel structure manufacturing bases (excluding the proposed establishment and equity participation enterprises). The total designed capacity of steel structure manufacturing bases (excluding on-site production and outsourcing parts) is 1.65 million tons, and the main representative products were the processing production of industrial plants, super high-rise buildings, other public buildings, bridges, towers and other non-standard steel components.



**(IV) Resources Development Business**

In 2020, the business of the Company's resources development mainly focuses on mining, selection and refining of metal resources of nickel, cobalt, copper, zinc, lead and other metals. In line with the objective of "refining management, enhancing quality, reducing costs, controlling risks and making profits", the Company strived to improve the development and operating levels of its own mineral resources. The producing Papua New Guinea Ramu nickel mines, Pakistan Duddar lead-zinc mines and Saindak copper mines adopted strong measures such as closed management, strict quarantine and pandemic prevention and complete disinfection. These measures successfully defended against the huge risks of prevention and control of imported pandemic cases from overseas to achieve zero infection, as well as overcame the extension of work shift of the staff, the difficulty of relative shortage of human resources. The Company adhered to meet the targeted production and sales and reach the full production and sales, and the annual profit plan target has doubled.

**The overall operating results of the resources development business in 2020***Unit: RMB'000*

	<b>2020</b>	<b>% of the total</b>	<b>2019</b>	<b>Year-on-year increase/decrease</b>
Segment revenue	4,383,658	1.08%	5,184,624	-15.45%
Gross margin (%)	28.24	–	25.23	Increased by 3.01 percentage points

*Note:* The segment operating revenue and gross margin are data without offsetting inter-segment transactions.

During the reporting period, details of the Company's mineral resource projects under development and in operation are as follows:

(1) ***Papua New Guinea Ramu Nico Project***

During the reporting period, the average ratio of production capacity of the project for the year reached 103.2%, ranking first in the world's leaching of laterite nickel ore, and achieving over-production for four consecutive years since 2016. As at the reporting period, the project produced Ni-Co hydroxide that contained 33,659 tons of nickel and 2,941 tons of cobalt in aggregate, and the unit cash production cost was at the leading position among the laterite nickel mines with the leading level in 11 similar projects in the world. The project is the mine with the highest production rate and operation level among more than 10 existing laterite nickel mine in production in the world with good market competitiveness and development prospects. As the demand for high-nickel ternary motive battery in the downstream new energy automobile industry continues to expand and release, it is expected that the price of nickel will continue to operate at a high level. In the future, this project is expected to achieve a new breakthrough in profit for the year on the basis of meeting the targeted production and sales and reaching the full production and sales, which will make further contributions to the improvement of the Company's performance.

(2) ***Pakistan Duddar Lead-Zinc Mine Project***

During the reporting period, the project achieved the mine production capacity of 503,000 tons, and the target of mine production capacity of 500,000 tons/year for two consecutive years, producing zinc concentrate contained 35,054 tons of zinc aggregate and lead concentrate contained 7,094 tons of lead in aggregate throughout the year. The profit for the year was over RMB100 million with remarkable production and sales performance.

(3) ***Pakistan Saindak Copper-Gold Mine Project***

The production scale of the project is 12,800 tons of ore per day, with an average annual smelting capacity of 20,000 tons and crude copper as the product. Upon the outbreak of pandemic, In early June 2020, the project successfully organized an international charter flight to resume production and work, and successfully escorted the Chinese employees of the smelter to the project site. After the expiration of the centralized isolation period, the smelter successfully ignited and resumed production in the first half of July 2020. In order to overcome the shortage of human resources during the pandemic, the project adjusted the "three shifts" work system of the smelter to "two shifts". All Chinese and Pakistan staff made concerted efforts to improve

the daily production level of crude copper. The Company produced 13,200 tons of crude copper in aggregate throughout the year, achieving a dividend income of over RMB100 million, and successfully completed the annual production and operation task. At present, the project has started the open-pit overburden removal of the east orebody, laying the foundation for the future development of the east orebody resources and the long-term stable production and operation of the project.

**(4) *Afghanistan Aynak Copper Mine Project***

The amount of project resources is 662 million tons, the contained copper is 11.08 million tons, with an average copper grade of 1.67%, which is a world-class super large copper mine. Affected by the pandemic, the Company is still negotiating with the Afghan government about the mining contract and will continue to strengthen communication with the Afghan government. The Company will steadily push ahead with amendment on mining contract negotiations, strive to win national policy support, and safeguard the legitimate rights and interests of the Company in a reasonable and orderly manner.

## **II. ROUTINE WORK OF THE BOARD**

### **(I) Changes in Board of Directors**

In the beginning of 2020, the third session of the Board of the Company comprised 7 Directors with Guo Wenqing as the executive Director and the Chairman, Zhang Zhaoxiang as the Vice Chairman and executive Director, Mr. Zhou Jichang, Mr. Yu Hailong, Mr. Ren Xudong and Mr. Chan Ka Keung Peter as Independent Non-executive Directors, and Mr. Lin Jinzhen as a non-executive Director and an employee representative Director.

On 29 April 2020, the Company convened the 2020 First Extraordinary General Meeting, Mr. Ng, Kar Ling Johnny was elected as an Independent Non-executive Director of the Company. On the same day, Mr. Chan Ka Keung Peter tendered his resignation as the independent non-executive Director of the Company and the convener of the Finance and Audit Committee due to work rearrangement. The Company convened the 16th Meeting of the Third Session of the Board and completed the relevant procedures of the alteration in member of the Finance and Audit Committee. On 31 August 2020, the Company convened the employee representative meeting and elected Mr. Yan Aizhong as the employee representative Director. On 9 September 2020, Mr. Zhang Zhaoxiang, the Vice Chairman and an executive Director of the Company, resigned from his positions of a Director and a member of the strategy committee of the Board of the Company due to the change of his work arrangements. On 15 October 2020, the Company convened the 2020 Second Extraordinary General Meeting and elected Mr. Zhang Mengxing as an executive Director of the Company.

On 2 January 2021, the Company received the notice from the family of Mr. Ren Xudong, the Independent Non-executive Director of the Company that Mr. Ren Xudong passed away due to illness. Currently, the third session of the Board of the Company comprised 6 members with Mr. Guo Wenqing as an executive Director and the Chairman, Mr. Zhang Mengxing as an executive Director, Mr. Zhou Jichang, Mr. Yu Hailong, Mr. Ng, Kar Ling Johnny as Independent Non-executive Directors, and Mr. Yan Aizhong as a non-executive Director and an employee representative Director of the Company.

## **(II) Meetings of the Board and special committees**

In 2020, the Board and its subordinate special committees of the Company performed their duties in strict compliance with the duties and work requirements as authorized by Shareholders and listing regulatory authorities, and carried out their work pursuant to the “Company Law”, regulatory rules of the listing place(s), the Articles of Association, the Rules of Procedure for General Meetings, the Rules of Procedure for Board Meetings and other relevant requirements. For the purpose of maintaining and increasing the value of the State-owned assets and maximizing Shareholders’ interests, based on the function orientation of “making strategy, managing teams, discussing important issues and controlling risks”, the Company performed the review procedure for the matters that shall be examined and approved by the Board of Directors pursuant to laws and regulations to ensure the decision of the Board of Directors is regulated, effective and scientific. The Company effectively improved standard of specified operation and quality of efficient decision.

In 2020, the Company convened 14 Board meetings in total, including 7 meetings held by way of on-site meeting (including the combination of on-site and communication meetings) and 7 meetings held through communication tools. The Board considered proposals and heard reports totaling 95 and passed 79 resolutions.

Special committees held 17 meetings in total, at which 42 topics were discussed. Among which, the Strategy Committee held 3 meetings, at which 3 issues were considered and discussed; the Finance and Audit Committee held 9 meetings, at which 33 issues were considered and discussed; the Nomination Committee held 2 meetings, at which 3 issues were studied and discussed; and the Remuneration and Appraisal Committee held 3 meetings, at which 3 issues were studied and discussed.

**(III) Performance of resolutions passed at general meetings by the Board**

In 2020, the Company held three general meetings. Eleven ordinary resolutions were considered and approved at the meeting, including the election of Directors and Supervisors, the emoluments of Directors and Supervisors and the adjustment on the remuneration of the Independent Directors, the work report of the Board, the work report of the Supervisory Committee, the final accounts, the profit distribution, the guarantee plan, the appointment of the auditor; two special resolutions were considered and approved at the meeting, including the Grant of General Mandate to the Board of Directors to Issue Shares, the Amendment to the Articles of Association and Rules of Procedure of General Meeting.

During the reporting period, the Board captured the development opportunity to target strategic layout and phased development goal to dedicate in reform and innovation, earnestly performed all the resolutions passed at general meetings in strict accordance with the resolutions passed at and authorization given by the Shareholders' general meetings.

**(IV) Major events on which the Board placed an emphasis**

The Board and its subordinate special committees seized the development opportunity, captured the development opportunity to target strategic layout and phased development goal to dedicate in reform and innovation, continue to strictly control risks and facilitate continuous progress of the Company with high attention and rigorous efforts to foster the Company to solve material problems.

Firstly, the Company strengthened the strategic leadership and maintained its strategic positioning. Under the guidance of the development vision of "focusing on the core business in building a better MCC", the Company further studied the system issues of the development of segments and business portfolio of the Company, the material issues in relation to the future development of the Company such as the development of regional companies and market expansion, continued to uphold the strategic positioning of "being the national team for metallurgical construction, the main force for fundamental construction, the forerunner of the emerging industries, and long-term adherence to pursuing the path for development with advanced technologies and high quality".

Secondly, the Company improved the management level and continued to lower the cost and increase effectiveness. We borne the philosophy of "Saving one cent is easier than earning one cent" in mind. We adhered to fine management; strengthened cost control of all staff, all factors and the whole process; continued to focus on reducing the controllable expenses and financing costs as much as possible, so as to strictly save various expenses and reduce all kinds of costs and minimize the negative impacts brought by the pandemic.

Thirdly, the Company strictly imposed risk control to ensure compliance operation. We took stability as the top priority and placed risk control as an important prerequisite for all business activities, sparing no efforts to strengthen risk management of financial capital, investment control, risk control of overseas business, as well as safety production.

Fourthly, the Company spared efforts to expand the market and seize development opportunities. we adhered to the market development principle of “herding sheep on the grassland and casting a net at fishpond”. We will strengthen the market development leadership building of “the major leaders taking the lead to develop the market, organizing elites and talents to seek opportunities in the market”. Meanwhile, we will focus on the goal orientation, be self-motivated and assign responsibilities, and aim to achieve trillion contract value. We will stress and strengthen the systematic advantages and further improve the market development system. We will strive to seize a new round of infrastructure investment opportunities by highlighting the entire process of marketing and further improving the quality of market operation.

Fifthly, the Company focused on the prevention and control of risks arising from overseas operations. It is necessary to adhere to “guarding against imported cases and preventing a resurgence of local outbreak” and “protecting both human and objects”, and carry out the normalized prevention and control of the pandemic with caution. On the basis of coordinating the prevention and control of the pandemic and the work of production and management, and on the premise of strictly controlling the risk of “going global”, the Company faced up to difficulties, identify gaps with confidence, improved the internal strength, so as to make full preparations for promoting the new development of overseas business in the post-pandemic period. The Company advanced the construction of major projects of “One Belt, One Road” with high quality and gave priority to countries which are in friendly relations, near China geographically and with risk control. While focusing on major customers and projects for contracting the advantageous projects of MCC, the Company also relied on key markets, optimized the establishment of foreign institutions, strengthened the capacity of overseas institutions to promote regionalized and localized operation. The innovation of the business model helped find the new and reliable business growth points, marked new achievements in the “enhancement of domestic and international dual cycles”.

Sixthly, we enhanced the establishment of the Board to ensure the decision-making is more scientific. The Company further optimized and improved the institutional system, process system, responsibility system of the Board to give full play to the decision-making and consultation role of each professional committee and independent director mechanism, and continued to strengthen the building of team cooperation and duty performance ability of the Board to ensure clear powers and responsibilities, coordinated operations and efficient decision-making.

**(V) Information disclosure and investor relations**

In 2020, the Company seriously organized and completed the work of information disclosure in strict compliance with relevant requirements of regulatory authorities, such as the CSRC, the SSE and the Hong Kong Stock Exchange. It made the information disclosure through statutory channels including designated newspapers and websites in a truthful, accurate, complete, timely and fair manner, according to the principle of simultaneous disclosure in both listed jurisdictions. As of 2020, the Company was rated Class A (the top class) Listed Company for SSE Information Disclosure for four consecutive years.

The Company proactively maintained satisfactory relationship with investors, made every effort to build the image of the Company's capital market and increase the attention of the Company's capital market, and further stepped up its efforts in communications with investors, analysts and financial media, in order to protect the legitimate rights and interests of investors, especially the small and medium investors. The Company commenced the multi-channeled investor relation activities innovatively and commenced regular and daily performance communications, roadshow and counter roadshow work. Through video conferences, phone conferences, financial media and other dimensional, multi-media and multi-channeled full coverage promotion approaches, the Company commenced the regular performance promotion activities such as the Annual and Interim results. By the on-site counter roadshow event of prefabricated buildings and steel structures, it helped investors further understand the technical advantages and market expansion of the Company. In addition, the Company published the article "MCC: Continuous innovation, perform "high-quality development" state-owned listed companies' investor relations management work" on the SSE Investor Education Center, which demonstrated the special content and experience in the investor relations work of the Company. In 2020, the Company was awarded the Best Listed Companies of Social Responsibility and the Listed Companies with the Best Investor Relations of China Securities Golden Bauhinia Awards, the "Best IR Hong Kong Stock Company Award" by New Fortune, Tianma Award's the "Best Investor Relations Company Award".

### III. OUTLOOK FOR 2021

After the long-term adjustment, efforts and improvement, the development of the Company has entered a new historical point, and the high-quality development has entered a new stage. 2021 is the 100th anniversary of the founding of the Communist Party of China and the year of the 14th Five-Year Plan. Looking forward to the 14th Five-Year Plan, the Company will always focus on the main responsibilities and principal business of metallurgy, making every effort to advance into the field of high-tech, high-quality construction and emerging industries. The Company strives to create “Five Batches”, that is, to create a batch of first-class industry, a batch of profitable individuals, a batch of pioneering technologies, a batch of stable markets, a batch of top talents, striving to achieve the goal of “building a better MCC with long-term prosperity”.

Firstly, the Company will focus on the main responsibilities and principal business, speeding up the optimization and upgrading of industry to create new advantages. The Company will promote the metallurgical construction of 14th Five-Year Plan to a new height and accelerate the achievement of new breakthroughs of key core technologies in metallurgical construction with “181 Plan” as the starting point. While standing at the high-end international level and the leading position of the whole metallurgical industry, the Company will shoulder the responsibilities of leading China’s metallurgy to become an intelligent, green, low-carbon “advanced manufacturer” with efficient development, through the first-class core technology, continuous innovation research and development of self-controllable ability, irreplaceable integration advantages of the whole metallurgical industry chain. The Company will promote the basic construction of the 14th Five-Year Plan to a new level, focusing on strengthening the brand building capability, EPC’s general contracting capacity, as well as the green, intelligent and industrial upgrading of buildings. The Company will push forward the new breakthroughs in the emerging industry of the 14th Five-Year Plan, intensively explore the technological advantages of iron and steel metallurgy, mining industry in water, gas, dust, soil and energy recycling for continuous transplant and transformation, and give full play to the amplification effect of “capital + industry + mode innovation”.

Secondly, the Company will focus on enhancing the technological innovation capability, forging hard power for new development. It is necessary to systematically plan the layout of innovation and deploy the innovation chain around the industry chain. The Company will emphasize on the application of basic research and original innovation, focus on the improvement of application capability of basic research and original innovation, achieve self-reliance in scientific and technological innovation, and continue to support high-quality and sustainable development in the future. Efforts shall be made to improve the mechanism of synergistic innovation, to further break the “enterprise wall” of science and technology among scientific research institutes, design enterprises, and construction enterprises and to strengthen internal cooperation in various fields and professions. The Company will also create an innovative ecological atmosphere, further increase investment in science and technology, give full play to the policy advantages of “Double Hundred Actions”, “Innovative Technology Reform Demonstration” and other reforms, as well as maximize the support of Minmetals Innovative and Entrepreneurial Fund, Science and Technology Innovation Fund.



Thirdly, the Company will adhere to the concept of system, strengthening the systematic construction in all aspects. The Company will comprehensively promote the construction of the corporate governance system and the improvement of governance capabilities, continuously optimize the top-level design of corporate governance, and the supply of system. While comprehensively enhancing the systematic strength, mobilizing the resources of the Company to complete the phased goal and implementation of the road map during the 14th Five-Year Plan period, the Company will solidify and promote the good practice of the emergency consistent command and adjustment, actively participated in the deepening reform work such as “Three-Year Action Plan for SOE Reform”, “benchmark against world class enterprise and took action to improve its management”, and pay attention to the integrity and systematization of the reform. The Company will also strengthen the construction of various business systems, and strive to create an efficient and controllable financial and capital management system, a marketing system with system advantages, and a mutually compatible, safe and practical, unified information support system. The Company will make every effort to promote the organic integration and coordination of various business systems for entering a new stage of system integration and efficient coordination.

Fourthly, the Company will focus on the safety development at all times, ensuring the stability and the health of the Company with controllable risks. The Company will unswervingly focus on the pandemic prevention and control, strengthen the financial and capital risk management, strictly control the risks of investment and exercise caution over project quality. The Company will also focus on the control of foreign operation risks and prevention of legal risks, especially in relation to safe production, as well as coordinate the two major issues of development and safety, ensuring the high quality development of enterprises with safety and stability.

Fifthly, the Company will maintain the vitality and combat effectiveness of the team, safeguarding the high-quality development of enterprises with its strongest power. The Company will take practical responsibility as the guidance, continuously promote the training of outstanding talents; take the optimization of the structure as the goal, continuously promote the regular communication within the team; take market-oriented reform as the direction, take high-quality development as the goal, continuously improve the talent incentive mechanism to create an entrepreneurial atmosphere with “positively motivation and happiness of all staff”.

Although the road is filled with barriers, the Company will insist on combat. We will uphold the principle of integrity and innovation and the practical responsibility with the enterprise spirit of “making progress every day, and do not slacken the pace”. In that spirit, we will strive to write a new chapter of “Focusing on the core business of MCC in building a better MCC”, to create new and greater value for the country, the Shareholders, the society and our employees!

**The Board of Metallurgical Corporation of China Ltd.\***

**WORK REPORT OF THE SUPERVISORY COMMITTEE OF  
METALLURGICAL CORPORATION OF CHINA LTD. FOR THE YEAR 2020**

In 2020, the Supervisory Committee of the Company, in accordance with the relevant provision of the Company Law, the Securities Law and other laws and regulations, and the Articles of Association, the Procedure Rules of the Supervisory Committee and other systems, with the purpose of safeguarding the interests of the Company and the rights and interests of all Shareholders, discharged its powers and duties with the utmost conscientiousness, conducted its work proactively and effectively, and fully exercised its supervisory functions in order to safeguard the legitimate rights and interests of the Company and its Shareholders and employees.

**I.            CHANGES OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD**

At the beginning of the reporting period, the third session of the Supervisory Committee of the Company comprised three Supervisors, which are Mr. Cao Xiuyun, the Chairman of the Supervisory Committee, Ms. Zhang Yandi, the Supervisory and Mr. Zhu Zhiqi, the employee representative Supervisor.

On 24 July 2020, the Supervisory Committee of the Company received the written resignation tendered by Mr. Cao Xiuyun, the Chairman of the Supervisory Committee. Due to adjustment of work arrangements, Mr. Cao Xiuyun resigned from his position as a Supervisor and the Chairman of the Supervisory Committee of the Company. As the number of Supervisors will fall below the quorum of the Supervisory Committee due to the resignation of Mr. Cao Xiuyun, Mr. Cao Xiuyun will continue to perform his duty as a Supervisor until the assumption of office of the replacement supervisor pursuant to the Articles of Association and the requirements of the relevant laws and regulations.

On 15 October 2020, the Company elected Mr. Yin Sizong as the non-employee representative Supervisor at the 2020 Second Extraordinary General Meeting and convened the ninth meeting of the third session of the Supervisory Committee of the Company on the same day and elected Mr. Yin Sisong as the Chairman of the Supervisory Committee. The third session of the supervisory Committee of the Company was changed to: Mr. Yin Sisong as the Chairman of the Supervisory Committee, Ms. Zhang Yandi as the Supervisory and Mr. Zhu Zhiqi as the employee representative Supervisor.

**II.    DUTY PERFORMANCE OF THE SUPERVISORY COMMITTEE DURING THE REPORTING PERIOD**

During the reporting period, the Supervisory Committee strengthened its study and diligent performance of its duties in accordance with the Company Law, the Securities Law, the Work Guidelines for Supervisory Boards of Listed Companies and the Articles of Association of Metallurgical Corporation of China Ltd.\*. The Supervisory Committee supervised and examined the Company's financial status, the use of proceeds of corporate bonds, decision-making and implementation of the Board, establishment of risk management and control system, and material operation and management; supervised the decision-making procedures of the Board and the president's office; supervised the performance of the duties of Directors and senior management of the Company. Specifically, the Group aims to achieve the following tasks:

**(1)    Convening meetings of the Supervisory Committee**

In 2020, the Supervisory Committee of the Company held a total of five meetings, with 17 proposals and reports. The convening and convening procedures of each meeting are in accordance with the provisions of the Company Law, the Articles of Association and the Rules of Procedure of the Board of Supervisors and the meeting was legally and validly convened. All supervisors attended the meetings in person. In an attitude of being accountable to all the shareholders, the Supervisors carefully scrutinized each proposal, provided a supervisory opinion prudently and effectively performed its supervisory duties.

On 31 March 2020, the 6th meeting of the third session of the Supervisory Committee was held by way of the on-site meeting, and the Supervisory Committee reviewed and passed the Proposal on the 2019 Annual Report of MCC, the Proposal on the 2019 Financial Budget Statement of MCC, the Proposal on the 2019 Profit Distribution of MCC, the Proposal on the 2019 Special Report on Fund Appropriation by the Controlling Shareholder of MCC and Other Related Parties, the Proposal on the “2019 Work Report of the Supervisory Committee of Metallurgical Corporation of China Ltd.”, the Proposal on the “Annual Social Responsibility Report of MCC in 2019”, the Proposal on the 2019 Internal Control Assessment Report of MCC, the Proposal for Special Report on Funds Raised from A Share offering and Brief for Special Report on Proceeds Raised from H Share offering, the Proposal in Relation to Temporary Use of Idle Funds Raised from IPO of A Shares as Supplementary Working Capital, the Proposal in Relation to Temporary Use of Idle Funds Raised from IPO of H Shares as Supplementary Working Capital.

On 28 April 2020, the 7th meeting of the third session of the Supervisory Committee was held by way of the on-site meeting, and the Supervisory Committee reviewed and passed the Proposal on First Quarterly Report of MCC in 2020.

On 28 August 2020, the 8th meeting of the third session of the Supervisory Committee was held by way of the communication meeting, and the Supervisory Committee reviewed and passed the Proposal on the 2020 Interim Report of MCC, the Proposal on the 2020 Interim Financial Report of MCC, the Proposal for Special Report on Funds Raised from A Share offering and Brief for Special Report on Proceeds Raised from H Share offering.

On 15 October 2020, the 9th meeting of the third session of the Supervisory Committee was held by way of the on-site meeting, and the Supervisory Committee reviewed and passed the Proposal on Selection of Chairman of the Supervisory Committee of MCC and requested for the next step of work of the Supervisory Committee.

On 30 October 2020, the 10th meeting of the third session of the Supervisory Committee was held by way of the on-site meeting, and the Supervisory Committee reviewed and passed the Proposal on the 2020 Third Quarterly Report of MCC.

**(2) Performance of statutory supervisory duties**

In 2020, in accordance with the provisions of the Articles of Association, the supervisory committee of the Company earnestly performed its duties and attended the 2020 First General Meeting of the Company, the 2019 Annual General Meeting and the 2020 Second Extraordinary General Meeting; sat the 2020 Board meetings and President's Office meetings, supervised the decision-making procedures of the Board meetings and President's Office meetings. No violations of laws and regulations were observed at the Board meetings and President's Office meetings. Through understanding and participating in the Company's major events, they supervised the legal compliance of Directors and senior management in performing their duties, gradually carried out the necessary audit functions and played a statutory supervision role.

**(3) Participation in various trainings**

In 2020, the members of the Supervisory Committee actively participated in the professional training organized by the regulatory body, with a total of 12 times of participation in various special trainings organized by Beijing Securities Regulatory Bureau, covering the new securities law, macroeconomic situation, governance standards of listed companies, merger and acquisition and spin-off listing cases, Guidelines for the Standard Operation of Listed Companies. Through studying, the professional knowledge and skills required for the performance of duties of the Supervisors were absorbed in a timely manner, which further strengthened their theoretical literacy and practical performance capabilities.

**III. INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE IN 2020****(1) Operation of the Company according to law**

The Company's Supervisory Committee was of the view that the Board could strictly abide by the requirements of the Company Law, the Securities Law, the Articles of Association and other relevant laws, regulations and systems, and made decisions in accordance with the law. The Company's major business decisions were reasonable, and the procedures were legal and effective. The Company's directors and senior management could seriously implement the national laws and regulations, the Articles of Association, the resolutions of the Shareholders' General Meetings and the Board Meetings when performing their duties. They were dedicated to their duties, diligent and responsible, honest and trustworthy, impartial and fair. Neither violation of laws, regulations and Articles of Association nor harm to the interests of the Company and its Shareholders was identified.

**(2) Financial position of the Company**

The Company's Supervisory Committee supervised and reviewed the Company's 2020 financial status and financial results, and believed that the Company's financial system was sound, the internal control system was perfect, and the financial management was standardized. After the comprehensive audit on the Company's financial statements, WUYIGE Certified Public Accountants LLP issued an unqualified audit report, and determined that the Company's 2020 financial statements presented fairly Company's overall financial status and operation results in 2020 in accordance with Accounting Standards for Business Enterprises and in line with the Company's actual situation.

**(3) Utilization of the Company's raised proceeds**

The Supervisory Committee conducted supervision over the Company's utilization of the proceeds raised from its offering. It was of the view that the Company was able to regulate the utilization and management of the proceeds raised from the offering in accordance with laws, regulations and regulatory requirements. Neither violation of laws and regulations nor harm to the interests of the Shareholders in the utilization of the proceeds raised by the Company was identified.

**(4)    Connected transactions of the Company**

The Supervisory Committee supervised the connected transactions of the Company and was of the opinion that the connected transactions of the Company were entered into in accordance with applicable laws or regulations such as the Company Law, the Securities Law, the Listing Rules of Shanghai Stock Exchange, and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, and the provisions of the Articles of Association and the Manual of Management on Connected Transactions. The connected transactions were entered into under fully justified and cautious decision by the Board, the Audit and Risk Management Committee and the management of the Company. The value of the connected transactions were determined in accordance with the principle of exchange of equal values by reference to fair market value and thus did not go against the principles of fairness, openness and justice. No acts were noted which may be detrimental to the interests of the Company and its minority shareholders.

**(5)    Internal control of the Company**

In 2020, the Company's internal control activities were standardized, legal and effective, and no violation of laws and regulations and the Company's internal control system occurred. 2020 Internal Control Evaluation Report of Metallurgical Corporation of China Ltd. comprehensively, objectively and truly reflected the actual situation of the establishment, improvement and operation of the Company's internal control system.

**(6)    Fulfillment of the Company's social responsibility**

In 2020, the Company made outstanding contributions in economic development, environmental protection, targeted poverty alleviation, and caring for employees. The Company actively participated in public welfare charities, earnestly fulfilled its social responsibilities, and safeguarded the interests of its Shareholders, customers and employees.

**(7)    Others**

In 2020, the Supervisory Committee paid extra attention to the Company’s profitability, asset quality and debt risks, etc., and continuous attention to the Company’s efforts in clearing the “Two Funds” and to guard against various operational risks. The Supervisory Committee had no objection to the relevant measures and methods of the Board and the management.

In 2021, the Company’s Supervisory Committee will continue to strictly comply with the national laws and regulations, the Articles of Association and the Rules of Procedure for the Supervisory Committee and stringently perform its supervisory functions in line with the Company’s development strategy and annual key tasks, and strengthen the its own construction and improve its supervision level and performance capability to further promote the Company’s standardized operation and safeguard the rights and interests of the Company and its Shareholders and employees.

**The Supervisory Committee of Metallurgical Corporation of China Ltd.\***

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## NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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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)

### NOTICE OF THE 2020 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2020 annual general meeting (the “AGM”) of Metallurgical Corporation of China Ltd.\* (the “Company” or “MCC”) will be held at MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, the People's Republic of China, on Friday, 25 June 2021 at 2 p.m. to consider and, if thought fit, pass (with or without amendments) the following resolutions:

#### ORDINARY RESOLUTIONS

1. To consider and approve the proposal in relation to the “Work Report of the Board of MCC for the Year 2020”.
2. To consider and approve the proposal in relation to the “Work Report of the Supervisory Committee of MCC for the Year 2020”.
3. To consider and approve the proposal in relation to the report on final accounts of the Company for the year 2020 (as set out in the 2020 annual report of the Company).
4. To consider and approve the proposal in relation to the profit distribution plan of the Company for the year 2020.
5. To consider and approve the proposal in relation to the emoluments of Directors and Supervisors of the Company for the year 2020.
6. To consider and approve the proposal in relation to the plan of guarantees to be provided by the Company for the year 2021.
7. To consider and approve the proposal in relation to the appointment of auditor and internal control auditor of the Company for the year 2021.
8. To consider and approve the resolution in relation to the revision of annual caps for the routine connected transactions/continuing connected transactions for the years of 2021 and 2022.



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## NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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### BRIEFING

9. To receive the 2020 performance report of the Independent Non-executive Directors.

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

Beijing, the PRC

25 May 2021

Notes:

- (1) In order to determine the list of shareholders who are entitled to attend the AGM, the registers of members of the Company will be closed from Tuesday, 22 June 2021 to Friday, 25 June 2021, both days inclusive, during which period no transfer of shares will be effected. In order to attend and vote at the AGM, holders of H Shares whose transfers have not been registered shall deposit the transfer documents together with the relevant share certificates at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, at or before 4 p.m. on Monday, 21 June 2021.
- (2) A shareholder entitled to attend and vote at the AGM may appoint one or more proxies to attend and vote on his behalf. A proxy need not be a shareholder of the Company. Where a shareholder appoints more than one proxy, his proxies may only vote by poll.
- (3) The instrument appointing a proxy must be in writing under the hand of a shareholder or his attorney duly authorized in writing. If the shareholder is a corporation, that instrument must be either under the seal of the Company or under the hand of its director(s) or duly authorized attorney(s). If that instrument is signed by an attorney of the shareholder, the power of attorney authorizing that attorney to sign or other authorization document must be notarized.
- (4) In order to be valid, the form of proxy together with the power of attorney or other authorization document (if any) must be deposited at the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, for holders of H Shares, and to the Company's office of the Board, for holders of A Shares, not less than 24 hours before the AGM (excluding any public holiday).
- (5) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer, or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no notice in writing of the aforementioned matters shall have been received by the Company prior to the commencement of the AGM.
- (6) For information purpose only, holders of H Shares who intend to attend the AGM in person or by proxy shall return the reply slip to the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, and for holders of A Shares of the Company, to the office of the Board of the Company, on or before Wednesday, 23 June 2021 by hand, by post or by fax.

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## NOTICE OF THE 2020 ANNUAL GENERAL MEETING

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- (7) The address and contact details of the H Share registrar of the Company, Computershare Hong Kong Investor Services Limited, are as follows:
- Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong  
Tel: (852) 2862 8555  
Fax: (852) 2865 0990
- (8) The address and contact details of the office of the Board of the Company are as follows:
- MCC Tower, No. 28 Shuguang Xili, Chaoyang District, Beijing, 100028, the People’s Republic of China  
Tel: (8610) 5986 8666  
Fax: (8610) 5986 8999
- (9) In accordance with the Company’s Articles of Association, where two or more persons are registered as the joint holders of any share, only the person whose name appears first in the register of members shall be entitled to receive this notice, attend and exercise all the voting rights attached to such share at the AGM, and this notice shall be deemed to be given to all joint holders of such share.
- (10) The AGM is expected to take less than two hours. Shareholders (in person or by proxy) attending the AGM are responsible for their own transportation and accommodation expenses. Shareholders or their proxies attending the AGM shall produce their identity documents.

*As at the date of this notice, the Board of Directors of the Company comprises two Executive Directors: Mr. Guo Wenqing and Mr. Zhang Mengxing; three Independent Non-executive Directors: Mr. Zhou Jichang, Mr. Yu Hailong and Mr. Ng, Kar Ling Johnny; and one Non-executive Director: Mr. Yan Aizhong.*

\* *For identification purposes only*