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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)

DISCLOSEABLE TRANSACTION DISPOSAL OF ACCOUNTS RECEIVABLES

DISPOSAL OF ACCOUNTS RECEIVABLES

The Board is pleased to announce that on 29 October 2021, Shanghai Baoye, a subsidiary of the Company, entered into the Trust Contract with CCB Trust, pursuant to which, Shanghai Baoye has agreed to dispose of and CCB Trust (on behalf of the Trust) has agreed to purchase the Accounts Receivables with an estimated book value of no more than RMB4,000 million at an estimated consideration of no more than RMB3,800 million. CCB Trust is entrusted by Shanghai Baoye to establish the Trust as the trustee and management agency, with the Accounts Receivables as the Underlying Assets. The term of the Trust is expected to be no more than three years.

LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios in respect of the Disposal on a standalone basis and on an aggregate basis with the Previous Transaction are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

BACKGROUND INFORMATION

The Board is pleased to announce that on 29 October 2021, Shanghai Baoye, a subsidiary of the Company, entered into the Trust Contract with CCB Trust, pursuant to which, Shanghai Baoye has agreed to dispose of and CCB Trust (on behalf of the Trust) has agreed to purchase the Accounts Receivables with an estimated book value of no more than RMB4,000 million at an estimated consideration of no more than RMB3,800 million. CCB Trust is entrusted by Shanghai Baoye to establish the Trust as the trustee and management agency, with the Accounts Receivables as the Underlying Assets. The term of the Trust is expected to be no more than three years.

MAJOR TERMS OF THE TRUST CONTRACT

Date:

29 October 2021

Parties:

- (1) Shanghai Baoye, a subsidiary of the Company, as the trustor of the Trust; and
- (2) CCB Trust, as the trustee under the Trust Contract and the management agency of the Trust.

Underlying Assets under the Trust:

The Underlying Assets represent the Accounts Receivables of Shanghai Baoye against the relevant payment obligors under certain construction and trading contracts, including: (1) all rights, interests, benefits and gains (present and future, existing and contingent) derived from the Accounts Receivables; (2) all of the payments received due or not yet due from the Accounts Receivables; (3) all the proceeds from the transfer, sale, auction, sell-off or otherwise disposal of the Accounts Receivables; (4) the right to request, sue, recover or receive all the payables in relation to the Accounts Receivables (irrespective of whether it is payable by the relevant payment obligors); and (5) interests arising from the Accounts Receivables and all the rights and legal remedies arising from the enforcement of the Accounts Receivables.

CCB Trust, as the trustee under the Trust Contract shall hold the Underlying Assets for the benefits of the Beneficiaries.

Conditions Precedent:

The Trust will become effective upon satisfaction of or waiver of the following conditions, among others:

- (1) Shanghai Baoye having delivered to CCB Trust a copy of its business licence and shareholders' resolutions and/or other necessary corporate documents, approval(s) or authorization(s) approving Shanghai Baoye the signing of the relevant transaction documents and the performance of the transactions under the Trust Contract;
- (2) CCB Trust having delivered to Shanghai Baoye a copy of its business licence and confirmed to Shanghai Baoye that it has obtained the necessary corporate documents, approval(s) or authorization(s) approving the signing of the relevant transaction documents and the performance of its transactions under the Trust Contract;

- (3) Shanghai Baoye having delivered to CCB Trust a copy of the necessary approval(s) and authorization(s) approving the signing and performance of transaction documents, including but not limited to internal corporate documents, approval(s) or authorization(s), as well as the approval(s) and authorization(s) issued by relevant governmental regulatory authorities and third parties;
- (4) the relevant parties of the transaction documents having delivered the original transaction documents duly signed by them to CCB Trust and the other parties of the relevant transaction documents;
- (5) CCB Trust having obtained the permission of the relevant regulatory authority to initiate the transactions contemplated under the ABN Transaction (if necessary);
- (6) the issuance of the Asset-backed Notes having been duly registered at the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會);
- (7) the accountant having issued the report and accounting opinion on the agreed upon procedures;
- (8) the legal adviser having issued a legal opinion to Shanghai Baoye and CCB Trust in relation to, among other things, the legality and validity of the transaction documents and the legality of the establishment of the Trust; and
- (9) the completion of the delivery of the Underlying Assets by Shanghai Baoye to CCB Trust.

Consideration:

The consideration in respect of the sale and purchase of the Accounts Receivables is estimated to be no more than RMB3,800 million. The consideration was determined after arm's length negotiations between Shanghai Baoye and CCB Trust with reference to, among others, the book value of the Accounts Receivables and the future recoverability of the Accounts Receivables.

CCB Trust shall transfer the consideration in respect of the sale and purchase of the Accounts Receivables to Shanghai Baoye on the delivery date of the Underlying Assets and during the term of the Trust.

PREVIOUS TRANSACTION

Prior to the Disposal, Shanghai Baoye (as the trustor), a subsidiary of the Company, entered into a trust contract with CCB Trust (as the trustee) on 25 June 2021. Pursuant to the contract, Shanghai Baoye has agreed to dispose of and CCB Trust (on behalf of the Trust) has agreed to purchase accounts receivables with an estimated book value of

no more than RMB4,000 million from Shanghai Baoye at an estimated consideration of no more than RMB3,800 million. CCB Trust is entrusted by Shanghai Baoye to establish a trust as the trustee and management agency, with the accounts receivables of Shanghai Baoye as the underlying assets. The term of the above-mentioned trust is expected to be no more than three years.

The highest applicable percentage ratio of the Previous Transaction is more than 5% but less than 25%. Therefore, the Previous Transaction solely constitutes a discloseable transaction of the Company and is subjected to the reporting and announcement requirements under Chapter 14 of the Listing Rules to complete the corresponding reporting and announcement procedures.

FINANCIAL IMPACT OF THE DISPOSAL

It is estimated that the Group will recognize a financing cost of not exceeding RMB200 million in respect of the Disposal, which is calculated based on the book value of the Accounts Receivables, less the maximum total consideration of the Disposal. The final amount of financing cost of the Disposal shall be determined based on the final transfer size and consideration of the Accounts Receivables to be transferred.

The proceeds received from the issuance of the Asset-backed Notes (after the Trust becoming effective) will be used to replenish the working capital of Shanghai Baoye.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Board believes that the Disposal will help (i) revitalize the Group's assets; (ii) control its risk of accounts receivables; (iii) reduce its amount of accounts receivables so as to optimize its asset structure; and (iv) increase the Group's liquidity and improve its asset efficiency and financial condition, thereby optimizing its financial statements. The Directors consider that the Disposal is entered into on normal commercial terms in the usual and ordinary course of business of the Group, is fair and reasonable, and in the interests of the Company and its shareholders as a whole.

LISTING RULES IMPLICATIONS

As the Previous Transaction and the Disposal were entered into within a 12-month period, and the trustor of both the Previous Transaction and the Disposal is Shanghai Baoye, a subsidiary of the Company, the trustee of both transactions is CCB Trust, and the nature, structure and terms of the Previous Transaction and the Disposal are similar, pursuant to Rule 14.22 of the Listing Rules, the Previous Transaction and the Disposal will be aggregated for calculation.

As one or more of the applicable percentage ratios in respect of the Disposal on a standalone basis and on an aggregate basis with the Previous Transaction are more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company, and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

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.

Shanghai Baoye is a subsidiary of the Company and is principally engaged in smelting engineering, housing construction engineering and public infrastructure engineering.

CCB Trust, incorporated in the PRC on 31 December 2003, is a non-banking financial institution approved by People's Bank of China and regulated by CBIRC. The principal businesses of CCB Trust include domestic and foreign currency business, trust business, investment fund business, reorganization of operating enterprise assets, mergers and acquisitions and project financing, corporate wealth management, financial consulting and other businesses approved by the relevant departments of State Council of the PRC or CBIRC.

Based on the available public information and to the best of the Directors' knowledge after making reasonable enquiries, as at the date of this announcement, CCB Trust was 67% directly held by China Construction Bank Corporation (中國建設銀行股份有限公司) (601939.SH; 0939.HK) and 33% indirectly held by the State-owned Assets Administration Commission of Hefei (合肥市國有資產管理委員會).

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, CCB Trust and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

DEFINITIONS

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

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| “ABN Transaction” | the transactions contemplated under the Trust Contract, the Asset-backed Notes to be registered at the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) |
| “Accounts Receivables” | the accounts receivables and related interests of Shanghai Baoye against the relevant payment obligors under certain construction and trading contracts |

“Asset-backed Notes”	the various classified asset-backed notes to be issued by the Trust in reliance on the Underlying Assets after the declaration of Trust
“Beneficiary(ies)”	the holder(s) of the Asset-backed Notes, also being the beneficiary(ies) of the Trust
“Board”	the board of Directors of the Company
“CBIRC”	China Banking and Insurance Regulatory Commission
“CCB Trust”	CCB Trust Co., Ltd. (建信信託有限責任公司)
“Company”	Metallurgical Corporation of China Ltd.* (中國冶金科工股份有限公司), a joint stock limited company with limited liability incorporated under the laws of the PRC on 1 December 2008
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the directors of the Company
“Disposal”	the disposal of the Accounts Receivables by Shanghai Baoye to CCB Trust in accordance with the Trust Contract
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“Previous Transaction”	the transaction under the trust contract for the sale and purchase of certain accounts receivables entered into between Shanghai Baoye (as the trustor) and CCB Trust (as the trustee) on 25 June 2021
“Shanghai Baoye”	Shanghai Baoye Group Corp., Ltd.* (上海寶冶集團有限公司), a company with limited liability incorporated under the laws of the PRC on 15 January 2003 and a subsidiary of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

“Trust”	the trust declared under the Trust Contract in relation to the Underlying Assets for the purpose of the issuance of Asset-backed Notes
“Trust Contract”	the Trust Contract dated 29 October 2021 entered into between Shanghai Baoye and CCB Trust in respect of the formation of the Trust and the transfer of the Underlying Assets
“Underlying Assets”	the Accounts Receivables of Shanghai Baoye against the relevant payment obligors under certain construction and trading contracts, including: (1) all rights, interests, benefits and gains (present and future, existing and contingent) derived from the Accounts Receivables; (2) all of the payments received due or not yet due from the Accounts Receivables; (3) all the proceeds from the transfer, sale, auction, sell-off or otherwise disposal of the Accounts Receivables; (4) the right to request, sue, recover or receive all the payables in relation to the Accounts Receivables (irrespective of whether it is payable by the relevant payment obligors); and (5) interests arising from the Accounts Receivables and the rights and legal remedies arising from the enforcement of the Accounts Receivables.

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

Beijing, the PRC
29 October 2021

As at the date of this announcement, the Board 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*