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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 RECEIVABLE

DISPOSAL OF ACCOUNTS RECEIVABLE

The Board is pleased to announce that on 20 December 2021, MCC 17 Group, a subsidiary of the Company, entered into the Transfer Agreement with Guosen Securities, pursuant to which MCC 17 Group has agreed to dispose of and Guosen Securities (on behalf of the Special Plan) has agreed to acquire the Accounts Receivable with an estimated book value of no more than RMB6,000 million at an estimated consideration of no more than RMB5,700 million. Guosen Securities will, as the custodian, establish the Special Plan, with the Accounts Receivable as the underlying assets. The duration of the Special Plan 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 Transaction on a standalone basis and on an aggregate basis with the Previous Transaction are more than 5% but less than 25%, the Transaction 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 20 December 2021, MCC 17 Group, a subsidiary of the Company, entered into the Transfer Agreement with Guosen Securities, pursuant to which MCC 17 Group has agreed to dispose of and Guosen Securities (on behalf of the Special Plan) has agreed to acquire the Accounts Receivable with an estimated book value of no more than RMB6,000 million at an estimated consideration of no more than RMB5,700 million. Guosen Securities will, as the custodian, establish the Special Plan, with the Accounts Receivable as the underlying assets. The duration of the Special Plan is expected to be no more than three years.

MAJOR TERMS OF THE TRANSFER AGREEMENT

- Date : 20 December 2021
- Parties : MCC 17 Group (as the seller); and Guosen Securities (as the purchaser)
- Accounts Receivable to be Transferred : Pursuant to the Transfer Agreement, MCC 17 Group has agreed to transfer the Accounts Receivable to Guosen Securities, which includes:
- (i) all titles, ancillary security interests and related interests (present and future, existing and contingent) of the Accounts Receivable;
 - (ii) all the repayments, due or to become due, attributable to the Accounts Receivable;
 - (iii) the proceeds from recovery, sale or otherwise disposal of the Accounts Receivable;
 - (iv) the rights to request, sue, recover, receive all the payments in relation to the Accounts Receivable (no matter whether such payments are payable by the principal under the project contracts); and
 - (v) the interests incurred from commitments in relation to the Accounts Receivable and enforcement of all the rights and legal remedies from the Accounts Receivable.
- Consideration and Payment : The consideration in respect of the transfer of the Accounts Receivable is estimated to be no more than RMB5,700 million, which is calculated by multiplying the book value of the Accounts Receivable by a discount rate which is determined after arms' length negotiations between MCC 17 Group and Guosen Securities with reference to the future recoverability of the Accounts Receivable.
- Guosen Securities shall pay the consideration to MCC 17 Group by bank transfer on the date of establishment of the Special Plan and revolving purchase date.

- Conditions Precedent : The conditions precedent for the closing of the Transaction mainly include, among others:
- (i) Guosen Securities having signed and delivered the Transfer Agreement and other documents in relation to the Special Plan to MCC 17 Group;
 - (ii) Guosen Securities having received or obtained all the consents, approvals and authorizations necessary for performing its obligations under the Transfer Agreement and the Special Plan;
 - (iii) MCC 17 Group having received copies of the latest securities business license, business license and Articles of Association of Guosen Securities;
 - (iv) the Transfer Agreement and other documents relating to the Special Plan having been executed and delivered by MCC 17 Group to Guosen Securities;
 - (v) Guosen Securities having received a copy of latest business license and the Articles of Association of MCC 17 Group;
 - (vi) all approvals, consents and authorizations as required for the performance of obligation under the Transfer Agreement having been received or obtained by MCC 17 Group, including but not limited to internal authorization documents such as copies of the board resolutions for the execution and performance of the Transfer Agreement by MCC 17 Group;
 - (vii) Special Plan being established based on the terms set out in the Standard Terms;
 - (viii) MCC 17 Group not having breached its representations and warranties set out in the Transfer Agreement and other documents relating to the Special Plan up to the date of payment of consideration by Guosen Securities to MCC 17 Group; and

- (ix) Guosen Securities (together with its intermediaries including legal advisors and accountants) having completed the due diligence on the underlying assets under the Special Plan.

PREVIOUS TRANSACTION

Prior to the Transaction, MCC TianGong (as the seller), a subsidiary of the Company, entered into a sale and purchase agreement for certain accounts receivable with Guosen Securities (as the purchaser) on 1 September 2021. Pursuant to the agreement, MCC TianGong has agreed to dispose of and Guosen Securities (on behalf of the asset-backed special plan under the said agreement with MCC TianGong's accounts receivable as the underlying assets) has agreed to purchase certain accounts receivable with an estimated book value of no more than RMB4 billion from MCC TianGong at an estimated consideration of no more than RMB3.8 billion. Guosen Securities, as the custodian, established the above-mentioned special plan, with the accounts receivable of MCC TianGong as the underlying assets. The duration of the above-mentioned special plan is expected to be no more than three years.

All applicable percentage ratios for the Previous Transaction are less than 5%. Therefore, the Previous Transaction on a standalone basis does not constitute a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

FINANCIAL IMPACTS OF THE TRANSACTION

It is estimated that the Group will recognize a financing cost of not exceeding RMB300 million in respect of the Transaction, which is calculated based on the book value of the Accounts Receivable, less the maximum total consideration of the Transaction. The final amount of the financing cost of the Transaction shall be determined based on the final transfer size and consideration of the Accounts Receivable to be transferred.

The proceeds from the Transaction will be used to replenish the working capital of MCC 17 Group.

REASONS FOR AND BENEFITS OF THE TRANSACTION

The Board believes that the Transaction will help (i) revitalize the Group's assets; (ii) control its risk of Accounts Receivable; (iii) reduce its amount of Accounts Receivable 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 Transaction 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 sale and purchase agreement in respect of the Previous Transaction and the Transfer Agreement under the Transaction are entered into within a 12-month period, the seller of both the Previous Transaction and the Transaction is a subsidiary of the Company, the purchaser of both transactions is Guosen Securities, and the nature, structure and terms of the Previous Transaction and the Transaction are similar, pursuant to Rule 14.22 of the Listing Rules, the Previous Transaction and the Transaction will be aggregated for calculation.

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

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. MCC 17 Group, a subsidiary of the Company, is principally engaged in general contracting, equipment manufacturing and property development business.

Guosen Securities is a joint stock limited company with limited liability established under the laws of the PRC on 30 June 1994, whose shares are listed on the Shenzhen Stock Exchange (stock code: 002736). The scope of business of Guosen Securities and its subsidiaries covers securities brokerage, securities investment consultation, financial adviser related to securities trading and securities investment; securities underwriting and sponsorship, securities self-dealing, securities asset management, financing and securities financing, securities investment fund distribution, financial products distribution, intermediary business for futures companies, fund custody business and fund service business, stock options market making, commodity futures brokerage, financial futures brokerage, futures investment consultation, asset management, entrusted management of equity investment funds, venture capital business, acting as agent for other venture capital enterprises and other institutions or individuals in venture capital investment, venture capital consultation, venture capital management services for venture capital enterprises, participating in the establishment of venture capital enterprises and venture capital management advisory institutions, securities brokerage business, financing business and asset management business in Hong Kong, equity investment and follow-on investment in the science and technology innovation board, etc.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, Guosen Securities and its ultimate beneficial owners are the 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:

“Accounts Receivable”	the accounts receivable and related interests of MCC 17 Group against the relevant payment obligors under certain construction contracts
“Board”	the board of Directors of the Company
“Company”	Metallurgical Corporation of China Ltd.* (中國冶金科工股份有限公司), a joint stock limited company with limited liability incorporated under the laws of the PRC on 1 December 2008
“Director(s)”	the directors of the Company
“Group”	the Company and its subsidiaries
“Guosen Securities”	Guosen Securities Co., Ltd. (國信證券股份有限公司), a joint stock limited company with limited liability established under the laws of the PRC on 30 June 1994
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended, supplemented or otherwise modified from time to time
“MCC 17 Group”	China MCC 17 Group Co., Ltd. (中國十七冶集團有限公司), a company with limited liability incorporated under the laws of the PRC on 30 September 2006 and a subsidiary of the Company
“MCC TianGong”	MCC TianGong Group Corporation Limited (中冶天工集團有限公司), a company with limited liability incorporated under the laws of the PRC on 19 June 2006 and a subsidiary of the Company
“PRC”	the People’s Republic of China, for the purpose of this announcement only, excluding Hong Kong, Macau Special Administrative Region and Taiwan

“Previous Transaction”	the transaction under the sale and purchase agreement in relation to the sale and purchase of certain accounts receivable entered into between MCC TianGong (as the seller) and Guosen Securities (as the purchaser) on 1 September 2021
“RMB”	Renminbi, the lawful currency of the PRC
“Special Plan”	an asset-backed special plan to be established by Guosen Securities as the custodian, with the Accounts Receivable as the underlying assets
“Standard Terms”	the standard terms in respect of the Accounts Receivable Asset-backed Special Plan of Guosen Securities and MCC 17 Group dated 20 December 2021
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary(ies)”	has the meaning ascribed to it under the Listing Rules
“Transaction”	the disposal of the Accounts Receivable by MCC 17 Group to Guosen Securities in accordance with the Transfer Agreement
“Transfer Agreement”	the Agreement for the Transfer of Underlying Assets under the Accounts Receivable Assets-backed Special Plan of MCC 17 Group to be entered into between MCC 17 Group and Guosen Securities on 20 December 2021

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

Beijing, the PRC
20 December 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