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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)

**POTENTIAL CONNECTED TRANSACTION
GUIZHOU EXPRESSWAY PPP PROJECT**

The Board hereby announces that the MCC Parties partnered the Guizhou Jiaojian Parties (as the lead parties of the Transaction), 23rd Metallurgical, Guizhou Institute and Liaoning Institute and jointly formed the Consortium to participate in the bidding for the Guizhou Expressway PPP Project (including the Naqing Project and the Liu'an Project), and have obtained the confirmation on successful bidding from the Guizhou Provincial Department of Transportation on 7 August 2019.

The estimated total investment of the Guizhou Expressway PPP Project is approximately RMB59.6 billion and the estimated capital investment is approximately RMB14.9 billion. The remaining construction funds are expected to be mainly financed by the Project Companies through bank loans and other financing.

The Consortium will establish the Naqing Project Company with Guizhou Highway (as the representative of the Guizhou Provincial Government to make capital contributions) to implement the Naqing Project. At the same time, the Consortium will establish the Liu'an Project Company with its own capital to implement the Liu'an Project. The total registered capital of the Project Companies to be subscribed by the MCC Parties is expected to be approximately RMB2,266 million.

The MCC Parties will subsequently enter into relevant agreements with relevant parties in relation to the Transaction, including but not limited to the Guizhou Expressway PPP Project cooperation agreement, the shareholders cooperation agreements for the Naqing Project Company and the Liu'an Project Company etc. and the Company will make further announcements on the details of the Transaction as and when appropriate.

23rd Metallurgical, as a subsidiary of China Minmetals (the indirect controlling shareholder of the Company), is a connected person of the Company. The Transaction will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of the Transaction are expected to be more than 0.1% but less than 5%, the Transaction will be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

I. BACKGROUND

The Board hereby announces that the MCC Parties partnered the Guizhou Jiaojian Parties (as the lead parties of the Transaction), 23rd Metallurgical, Guizhou Institute and Liaoning Institute and jointly formed the Consortium to participate in the bidding for the Guizhou Expressway PPP Project (including the Naqing Project and the Liu'an Project), and have obtained the confirmation on successful bidding from Guizhou Provincial Department of Transportation on 7 August 2019.

The estimated total investment of the Guizhou Expressway PPP Project is approximately RMB59.6 billion and the estimated capital investment is approximately RMB14.9 billion. The remaining construction funds are expected to be mainly financed by the Project Companies through bank loans and other financing.

The Consortium will establish the Naqing Project Company with Guizhou Highway (as the representative of the Guizhou Provincial Government to make capital contributions) to implement the Naqing Project. At the same time, the Consortium will establish the Liu'an Project Company with its own capital to implement the Liu'an Project. The total registered capital of the Project Companies to be subscribed by the MCC Parties is expected to be approximately RMB2,266 million.

The MCC Parties will subsequently enter into relevant agreements with relevant parties in relation to the Transaction, including but not limited to the Guizhou Expressway PPP Project cooperation agreement, the shareholders cooperation agreements for the Naqing Project Company and the Liu'an Project Company, etc.

II. THE NAQING PROJECT

The Consortium and Guizhou Highway (as the representative of the Guizhou Provincial Government to make capital contributions) will jointly make capital contributions to establish the Naqing Project Company to implement the Naqing Project. The registered capital of the Naqing Project Company is expected to be approximately RMB8,850 million. The specific capital contribution of each party is as follows:

Name of Shareholder	Capital contribution (RMB0'000)	Shareholding
MCC Parties	106,111.5	11.99%
23 rd Metallurgical	35.4	0.004%
Guizhou Jiaojian Parties	424,676.1	47.986%
Guizhou Institute	88.5	0.01%
Liaoning Institute	88.5	0.01%
Guizhou Highway	354,000	40%
Total	885,000	100%

The total investment of the Naqing Project is expected to be RMB35,400 million, of which RMB8,850 million will be funded by the shareholders of the Naqing Project Company by way of subscription for its registered capital. The remaining funds will be mainly settled by the Naqing Project Company by way of bank loans. In addition, the Naqing Project can apply for some subsidies for vehicle and vessel tax. The Naqing Project Company will enter into the PPP contract with the Guizhou Provincial Department of Transportation to authorise the Naqing Project Company to be responsible for the construction, financing, operation and maintenance of the Naqing Project during the term of the contract. The Naqing Project Company will transfer the project assets to the Guizhou Provincial Department of Transportation or its designated institution upon the expiry of the cooperation period (which is expected to be 30 years after the commencement of operation of the project).

III. THE LIU'AN PROJECT

The Consortium proposed to jointly establish the Liu'an Project Company to implement the Liu'an Project. The registered capital of the Liu'an Project Company is RMB6,050 million. The specific capital contribution of each party is as follows:

Name of Shareholder	Capital contribution (RMB0'000)	Shareholding
MCC Parties	120,455.55	19.91%
23 rd Metallurgical	30.25	0.005%
Guizhou Jiaojian Parties	484,393.2	80.06%
Guizhou Institute	60.5	0.01%
Liaoning Institute	60.5	0.01%
Total	605,000	100%

The total investment of the Liu'an Project is expected to be approximately RMB24,200 million, of which RMB6,050 million will be funded by the shareholders of the Liu'an Project Company by way of subscription for its registered capital. The remaining funds will be settled by the Liu'an Project Company by way of bank loans. The Liu'an Project Company will enter into the PPP contract with the Guizhou Provincial Department of Transportation to authorise the Liu'an Project Company to be responsible for the construction, financing, operation and maintenance of the Liu'an Project during the term of the contract. The Liu'an Project Company will transfer the project assets to the Guizhou Provincial Department of Transportation or its designated institution upon the expiry of the cooperation period (which is expected to be 30 years after the commencement of operation of the project).

IV. REASONS AND BENEFITS OF THE TRANSACTION

The construction of Guizhou Expressway PPP Project is significant in optimizing the expressway network in the Guizhou Province, enhancing channel capabilities and strengthening road network linkage, improving conversion efficiency of the transportation flow, and enhancing the safety and reliability of the road network. This will make the transportation connection in the southern and northern direction between Nayong, Zhijin, Liuzhi, Qinglong and Qianxinanzhou in the Qianxi area to become more convenient and efficient, which is conducive to the optimization and improvement of the layout of the road network in Qianxi area. It will also promote the development of resources in relevant area, foster further development of the tourism industry, and cultivate prosperity in areas inhabited by ethnic minorities.

Meanwhile, Guizhou Expressway PPP Project is significant in promoting the brand influence of MCC and its participation in subsequent construction projects. The performance of the construction parties of the Consortium in the area of expressway will also be improved, which has a symbolic significance for the expressway project.

The Group's investment in the Guizhou Expressway PPP Project will be financed by its own proprietary funds.

The Directors (including the independent non-executive Directors) are of the view that the Transaction is entered into on normal commercial terms in the ordinary and usual course of business of the Group, and is fair and reasonable and in the interests of the Company and its shareholders as a whole. Mr. Guo Wenqing, Mr. Zhang Zhaoxiang and Mr. Lin Jinzhen hold positions in China Minmetals and/or its subsidiaries, and they have abstained from voting on the resolution of the Board to approve the Transaction.

V. LISTING RULES IMPLICATIONS

23rd Metallurgical, as a subsidiary of China Minmetals (the indirect controlling shareholder of the Company), is a connected person of the Company. The Transaction will constitute a connected transaction of the Company under Chapter 14A of the Listing Rules. As one or more of the applicable percentage ratios of the Transaction are expected to be more than 0.1% but less than 5%, the Transaction will be subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under the Listing Rules.

The Company will formally enter into the relevant agreement with relevant parties in relation to the Transaction and the Company will make further announcements on the details of the Transaction as and when appropriate.

VI. GENERAL INFORMATION

The Group has strong capabilities in metallurgical engineering. It is a large multinational conglomerate operating in various specialized fields across different industries, with engineering contracting, property development, equipment manufacturing and resources development as its principal businesses.

23rd Metallurgical is a large-scale enterprise group and is principally engaged in building construction, property development, mining industry and infrastructure investments.

Guizhou Jiaojian Parties is a wholly state-owned enterprise established by the Guizhou Provincial Department of Transportation in performance of its duties as a contribution under the authorization of the Guizhou Provincial People's Government, and is under the supervision of the Guizhou Provincial Department of Transportation. Its scope of business includes investment, financing, construction and operation management of transportation infrastructure projects; transportation engineering design, construction, supervision and consulting services; warehousing and logistics; energy conservation and environmental protection in transportation; materials trading; land development and real estate development; tourism and development and utilization of mineral resources.

Guizhou Institute is principally engaged in the following businesses: engineering consulting and contracting covering highway, municipality work, construction, water transportation and other industries, provision of engineering technology services such as survey, design, consulting, testing and inspection, supervision, construction and general contracting of highways, bridges, tunnels, rock-soil, electro mechanics, municipality work, construction, harbor and waterway. Its core business includes engineering consulting and contracting businesses for the highway industry.

Liaoning Institute is mainly engaged in businesses such as surveying, design and construction, general contracting for the highway industry, municipal industry, construction industry (construction engineering) and consultation services; landscaping, engineering and design; preparation of plan of water and soil maintenance; testing and monitoring of highway engineering; survey, design, assessment and supervision of geological hazards; contracting out surveying, consultation, design and supervision services for overseas transportation engineering projects and domestic and international tendering for engineering projects, and the export of equipment and materials required for the aforementioned overseas engineering projects.

Guizhou Highway is mainly engaged in businesses such as investment, construction, operation and management of transportation infrastructure and the transportation industry; development of energy conservation and environmental protection in the transportation industry; development of land arrangement; development and utilization of tourism; trading of materials and equipment leasing.

VII. DEFINITIONS

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

“23 rd Metallurgical”	The 23 rd Metallurgical Construction Group Co., Ltd. of Minmetals*(五 礦 二 十 三 冶 建 設 集 團 有 限 公 司), a company incorporated under the laws of the PRC with limited liability and an indirect wholly-owned subsidiary of China Minmetals
“Board”	the board of Directors of the Company
“China Minmetals”	China Minmetals Corporation* (中 國 五 礦 集 團 公 司), a wholly state-owned enterprise established in the PRC under the direct control of the state-owned Assets Supervision and Administration Commission of the State Council, being the indirect controlling shareholder of the Company
“Company” or “MCC”	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 thereto under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“Guizhou Institute”	Guizhou Transportation Planning, Survey & Design Institute Co., Ltd.* (貴 州 省 交 通 規 劃 勘 察 設 計 研 究 院 股 份 有 限 公 司), a joint stock limited company incorporated under the laws of the PRC, A shares of which are listed on the Shanghai Stock Exchange, being an Independent Third Party

“Guizhou Jiaojian Parties”	Guizhou Jiaojian Construction Group Co., Ltd.* (貴州交通建設集團有限公司) and its six subsidiaries, i.e. Guizhou Highway Engineering Group Co., Ltd.*(貴州省公路工程集團有限公司), Guizhou Bridge Construction Group Co., Ltd.*(貴州橋樑建設集團有限責任公司), Guizhou Road & Bridge Group Co.,Ltd.*(貴州路橋集團有限公司), Guizhou Datong Road & Bridge Engineering Construction Co., Ltd.*(貴州大通路橋工程建設有限公司) and Guizhou Qiangui Road & Bridge Engineering Co., Ltd.*(貴州黔貴路橋工程有限公司), all being Independent Third Parties
“Guizhou Expressway PPP Project”	the PPP project of the Nayong-Qinglong section (Naqing Project) and the PPP project of Liuzhi-Anlong Expressway (Liu’an Project) of the Nayong-Xingyi national expressway in Guizhou province
“Guizhou Highway”	Guizhou Highway Development Co., Ltd.*(貴州省公路開發有限責任公司), a company incorporated under the laws of the PRC with limited liability and an Independent Third Party
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party(ies)”	third party(ies) who is/are independent of the Group and its connected persons
“Liaoning Institute”	Liaoning Communications Planning & Design Institute Co., Ltd.*(遼寧省交通規劃設計院有限公司), a company incorporated under the laws of the PRC with limited liability and an Independent Third Party
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

“MCC Parties”	the Company and its six subsidiaries, i.e. MCC (Guizhou) Construction Investment Development Co., Ltd.*(中冶(貴州)建設投資發展有限公司), China First Metallurgical Group Co., Ltd.*(中國一冶集團有限公司), China Second Metallurgical Group Corporation Limited*(中國二冶集團有限公司), China MCC 17 Group Co., Ltd.*(中國十七冶集團有限公司), China Metallurgical Construction Engineering Group Co., Ltd.*(中冶建工集團有限公司) and MCC Communication Construction Group Co., Ltd.*(中冶交通建設集團有限公司)
“Naqing Project”	Nayong-Qinglong section subproject of the Guizhou Expressway PPP Project
“Naqing Project Company”	a project company to be established to implement the Naqing Project
“Liu’an Project”	the Liuzhi-Anlong Expressway subproject of the Guizhou Expressway PPP Project
“Liu’an Project Company”	a project company to be established to implement the Liu’an Project
“PPP”	Public-Private Partnership
“PRC”	the People’s Republic of China and for the sole purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region and Taiwan
“Project Companies”	Nanqing Project Company and Liu’an Project Company
“RMB”	Renminbi, the lawful currency of the PRC
“subsidiary(ies)”	has the meaning ascribed thereto under the Listing Rules

“Consortium”	the consortium formed by the MCC Parties, 23 rd Metallurgical, the Guizhou Jiaojian Parties, Guizhou Institute and Liaoning Institute to participate in the Guizhou Expressway PPP Project
“Transaction”	involvement of MCC Parties, as a member of the Consortium, in the construction and operation of the Guizhou Expressway PPP Project

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

Beijing, the PRC
9 August 2019

As at the date of this announcement, the Board of the Company comprises two executive directors: Mr. Guo Wenqing and Mr. Zhang Zhaoxiang; four independent non-executive directors: Mr. Zhou Jichang, Mr. Yu Hailong, Mr. Ren Xudong and Mr. Chan Ka Keung, Peter; and one non-executive director: Mr. Lin Jinzhen.

* *For identification purposes only*