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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)

CONNECTED TRANSACTION
TRANSFER TO MCC GROUP OF LOANS OWED BY
HULUDAO NONFERROUS

Reference is made to the announcement of the Company dated 31 December 2012 in relation to the transfer of 51.06% equity interest in Huludao Nonferrous by the Company to MCC Group.

The Company hereby announces that, on 5 February 2013, the Company entered into the Loan Transfer Agreement with MCC Group in Beijing, pursuant to which the Company transferred to MCC Group loans owed by Huludao Nonferrous amounting to approximately RMB7.75 billion (as at the reference date of 31 December 2012, equivalent to approximately HK\$9.65 billion) at a consideration of RMB859.823 million (equivalent to approximately HK\$1.07 billion). Under the Loan Transfer Agreement, the Company shall not claim against MCC Group for the interest accrued on the Target Loans during the period from the reference date to the effective date of the Loan Transfer Agreement. The amount of the final total repayment from Huludao Nonferrous (or its successor) in respect of such loans in excess of the transfer price shall belong to the Company, and MCC Group shall deliver such excess amount to the Company within 30 days upon receipt.

MCC Group, the counterparty to the transaction, is the controlling shareholder of the Company holding 64.18% equity interest. Therefore, MCC Group is a connected person of the Company and the transaction constitutes a connected transaction of the Company under the Hong Kong Listing Rules.

Pursuant to Rule 14.22 of the Hong Kong Listing Rules, the Loan Transfer Agreement and the transaction contemplated thereunder should be aggregated with the transaction in relation to the transfer of 51.06% equity interest held by the Company in Huludao Nonferrous to MCC Group as published on 31 December 2012. As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Hong Kong Listing Rules) with respect to the relevant connected transactions after aggregation are higher than 0.1% but lower than 5%, the connected transactions are subject to the reporting and announcement requirements under the Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules only, but are exempted from the independent shareholders' approval requirements under the Hong Kong Listing Rules.

1. INTRODUCTION

Reference is made to the announcement of the Company dated 31 December 2012 in relation to the transfer of 51.06% equity interest in Huludao Nonferrous by the Company to MCC Group.

The Company hereby announces that, on 5 February 2013, the Company entered into the Loan Transfer Agreement with MCC Group in Beijing, pursuant to which the Company transferred to MCC Group loans owned by Huludao Nonferrous amounting to approximately RMB7.75 billion (as at the reference date of 31 December 2012, equivalent to approximately HK\$9.65 billion) at a consideration of RMB859.823 million (equivalent to approximately HK\$1.07 billion). Under the Loan Transfer Agreement, the Company shall not claim against MCC Group for the interest accrued on the Target Loans during the period from the reference date to the effective date of the Loan Transfer Agreement. The amount of the final total repayment from Huludao Nonferrous (or its successor) in respect of such loans in excess of the transfer price shall belong to the Company, and MCC Group shall deliver such excess amount to the Company within 30 days upon receipt.

MCC Group, the counterparty to the transaction, is the controlling shareholder of the Company holding 64.18% equity interest. Therefore, MCC Group is a connected person of the Company and the transaction constitutes a connected transaction of the Company under the Hong Kong Listing Rules.

2. LOAN TRANSFER AGREEMENT

Details of the Loan Transfer Agreement are as follows:

Date

5 February 2013 (The Loan Transfer Agreement shall become effective upon fulfillment of the conditions precedent)

Parties

Transferor: the Company (Party A)

Transferee: MCC Group (Party B)

Subject Matter

The subject matter of the transaction is the loans the Company holds in Huludao Nonferrous amounting to approximately RMB7.75 billion (equivalent to approximately HK\$9.65 billion) as at 31 December 2012, comprising principal of approximately RMB6.84 billion (equivalent to approximately HK\$8.51 billion) and accrued interest of approximately RMB0.91 billion (equivalent to approximately HK\$1.13 billion). Such loans consisted of several 12-month loans with applicable interest rates ranging from 5.31% to 6.56%. Huludao Nonferrous pledged part of its equity interest in Tibet Huayi Trade Industry Co., Ltd. (西藏華億工貿有限公司), MCC Huludao Nonferrous Import & Export Group Co., Ltd. (中冶葫蘆島有色進出口有限公司) and Huludao Orientmet Copper Company Limited (葫蘆島東方銅業有限公司) in favour of the Company for part of the loans. The loans have been provided since 2008, mainly to finance the business operation of Huludao Nonferrous.

The original book value of the Target Loans was approximately RMB7.75 billion (equivalent to approximately HK\$9.65 billion). Based on the appraisal result in respect of the loan as at the reference date of 31 December 2012, the Company has made a provision for bad debt amounting to approximately RMB6.89 billion (equivalent to approximately HK\$8.58 billion), hence the current net book value of the loans after impairment is approximately RMB0.86 billion (equivalent to approximately HK\$1.07 billion) (please refer to the announcement on substantial provisions for asset impairment published by the Company on 30 January 2013 for details). Such loans are not secured, pledged, or subject to any restriction on transfer, and do not involve any litigation, arbitration, closedown, freeze or other judiciary measures. There exists no barrier to the transfer of ownership of the aforesaid loans. The Company has performed its obligation of notification to Huludao Nonferrous in respect of the loan transfer.

The Company agreed to transfer the Target Loans to MCC Group in a lump sum pursuant to the Loan Transfer Agreement, while MCC Group agreed to acquire the Target Loans and pay consideration accordingly on the terms agreed under the Loan Transfer Agreement.

Conditions Precedent

The Loan Transfer Agreement shall become effective upon fulfillment of the following conditions:

- (1) Legal representatives or authorized representatives of both parties have signed and affixed their respective company seals on the Loan Transfer Agreement;
- (2) The board of directors of Party A has approved the transfer of the Target Loans;
- (3) The board of directors of Party B has approved the transfer of the Target Loans and agreed to effect the transfer pursuant to the Loan Transfer Agreement;
- (4) The board of directors of Party B has approved the acquisition of the Target Loans;
- (5) Completion of other approval procedures as required by relevant laws and regulations, if applicable.

Transfer of right and ownership of profit and loss during the transfer period

Both parties agreed that MCC Group shall become the owner of the Target Loans from the effective date of the Loan Transfer Agreement, and thus be entitled to the Target Loans and all the interests attached thereto, including but not limited to all the right of recourse and right for claim arising from or relating to the Target Loans. The Company shall not claim for any interest on the Target Loans accrued during the period from the reference date to the effective date of the Loan Transfer Agreement.

Default liabilities

Either party in breach of its obligations under the Loan Transfer Agreement shall fully, effectively and timely compensate the other party for any financial or other losses while continuing to comply with the requirements under the Loan Transfer Agreement.

3. CONSIDERATION AND PAYMENT ARRANGEMENT

The transfer price of the Target Loans was determined through arm's length negotiation to be RMB859.823 million (equivalent to approximately HK\$1.07 billion) based on the appraised net value of the Target Loans prepared by China Assets Appraisal Co., Ltd (中資資產評估有限公司) and filed by MCC Group. The asset-based approach has been adopted to appraise the asset with 31 December 2012 as the reference date.

MCC Group will pay the consideration to the Company in lump sum within 30 days after the effective date of the Loan Transfer Agreement.

If the total repayment eventually made by Huludao Nonferrous (or its successor) to MCC Group after MCC Group acquired the Target Loans exceeds the transfer consideration as agreed therein, such excess amount shall belong to the Company and MCC Group shall deliver the same to the Company within 30 days upon receipt.

4. PURPOSE OF THE TRANSACTION AND ITS IMPACT ON THE COMPANY

In view of the obsolete equipment, heavy social burden and continuous indebtedness problem of Huludao Nonferrous, it is difficult to achieve a turnaround in short term. In order to maintain the stable development of the Company, on 31 December 2012, the Company entered into the Equity Transfer Agreement to transfer its 51.06% equity interest in Huludao Nonferrous to MCC Group at a consideration of RMB1. Upon completion of the equity transfer, the loan to Huludao Nonferrous which had been retained by the Company was reclassified from originally the Company's internal debts to the capital appropriated by the controlling shareholder. In order to address this problem, the Company transferred the RMB7.75 billion (equivalent to approximately HK\$9.65 billion) loan it holds in Huludao Nonferrous to MCC Group for RMB859.823 million (equivalent to approximately HK\$1.07 billion). The Company proposes to use the proceeds from the loan transfer as its working capital. Upon completion of the aforesaid two transfers, the Company will not hold any equity interests or loans in Huludao Nonferrous and any subsequent losses incurred by Huludao Nonferrous will no longer have any impact on the Company, which will benefit the Company's long-term development.

The Company has made provision for bad debt on the loan in 2012 based on the appraisal results. The transfer price of this loan transfer has been determined based on the appraised value and is consistent with net book value of the loans after diminution in value. Therefore, the loan transfer will have no impact on the net profit of the Company.

Meanwhile, in order to further protect the interests of minority shareholders, the Company and MCC Group agreed in the Loan Transfer Agreement that the amount received by MCC Group of the final total repayment from Huludao Nonferrous (or its successor) in excess of the agreed transfer price shall belong to the Company, and MCC Group shall deliver such excess amount to the Company within 30 days upon receipt. The Company was recently informed that the Intermediate People's Court of Huludao, Liaoning held on 31 January 2013 that the application for the bankruptcy reorganization of Huludao Nonferrous filed by Longgang Branch of Bank of Huludao Co., Ltd. (葫蘆島銀行股份有限公司) be accepted. In the process of the bankruptcy reorganization of Huludao Nonferrous, the Company may receive a final repayment in excess of the transfer price of RMB859.823 million (equivalent to approximately HK\$1.07 billion) as agreed above. However, to the knowledge of the Company and MCC Group, the administrator in charge and the reorganization scheme of Huludao Nonferrous have not been determined. In addition, given the complexity and difficulties of the reorganization process and the great uncertainty in the smooth implementation of the reorganization scheme, Huludao Nonferrous is still exposed to bankruptcy and winding-up due to the failure of reorganization. Therefore, there is still much uncertainty whether the Company will receive a final repayment in excess of the transfer price of RMB859.823 million (equivalent to approximately HK\$1.07 billion).

5. HONG KONG LISTING RULES IMPLICATIONS

As of the date of this announcement, MCC Group is the controlling shareholder of the Company holding 64.18% of the issued capital of the Company. As such, pursuant to the Hong Kong Listing Rules, MCC Group is a connected person of the Company and thus the transaction constitutes a connected transaction of the Company.

Pursuant to Rule 14.22 of the Hong Kong Listing Rules, the Loan Transfer Agreement and the transaction contemplated thereunder should be aggregated with the transaction in relation to the transfer of 51.06% equity interest held by the Company in Huludao Nonferrous to MCC Group as published on 31 December 2012. As certain applicable percentage ratio(s) (as defined in Rule 14.07 of the Hong Kong Listing Rules) with respect to the relevant connected transactions after aggregation are higher than 0.1% but lower than 5%, the connected transactions are subject to the reporting and announcement requirements under the Rules 14A.45 to 14A.47 of the Hong Kong Listing Rules only, but are exempted from the independent shareholders' approval requirements under the Hong Kong Listing Rules. The Directors (including independent non-executive Directors) confirm that the connected transactions have been carried out in the ordinary and usual course of business of the Company and on normal commercial terms which are fair and reasonable and in the interest of the shareholders as a whole.

Pursuant to the Rules Governing the Listing of the Stocks on the Shanghai Stock Exchange (上海證券交易所股票上市規則) and Rule 14A.56(9) of the Hong Kong Listing Rules, Jing Tianliang, Shen Heting, Guo Wenqing and Lin Jinzhen, all being connected directors, have abstained from voting in respect of the Board resolution approving the connected transaction. The five independent non-executive Directors, Mr. Jiang Longsheng, Mr. Wen Keqin, Mr. Liu Li, Mr. Chen Yongkuan and Mr. Cheung Yukming, have given unanimous approval for the transaction.

6. GENERAL

The Company is a large conglomerate operating in various specialized fields, across different industries and in many countries, with engineering and construction, equipment manufacturing, resources development, and property development as its principal businesses. The Company has core competency in innovation and industrialization of technology and strong construction capabilities in metallurgical engineering.

The role of MCC Group, as the controlling shareholder of the Company, is to perform the duties as the controlling shareholder of the Company and to dispose of and to liquidate its retained assets.

7. DEFINITIONS

- “Board” means the board of directors of the Company;
- “Company” means 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;
- “Directors” means the directors of the Company;
- “Equity Transfer Agreement” means the equity transfer agreement dated 31 December 2012 entered into between the Company and MCC Group in respect of 51.06% equity interest in Huludao Nonferrous;
- “HK\$” means Hong Kong dollar, the lawful currency of Hong Kong;
- “Hong Kong” means Hong Kong Special Administrative Region of the PRC;
- “Hong Kong Listing Rules” means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
- “Hong Kong Stock Exchange” means The Stock Exchange of Hong Kong Limited;
- “Huludao Nonferrous” means MCC Huludao Nonferrous Metals Group Co., Ltd.;
- “Loan Transfer Agreement” means the loan transfer agreement dated 5 February 2012 entered into between the Company and MCC Group in respect of the Target Loans;
- “MCC Group” means China Metallurgical Group Corporation;

“PRC” means the People’s Republic of China, but for the purposes of this announcement only, excludes Hong Kong, Macau Special Administrative Region of the People’s Republic of China and Taiwan;

“RMB” means Renminbi, the lawful currency of the PRC; and

“Target Loans” mean the loans amounting to approximately RMB7.75 billion (as at the reference date of 31 December 2012, equivalent to approximately HK\$9.65 billion) the Company holds in Huludao Nonferrous, which was transferred to MCC Group for RMB859.823 million (equivalent to approximately HK\$1.07 billion) on 5 February 2013.

Unless otherwise stated in this announcement, all amounts denominated in RMB have been translated into HK\$ at the exchange rate of RMB1.00=HK\$1.2448 for information purpose only. Such translation should not be construed as a representation that any amount in RMB has been, could have been or may be converted at the above rate or at all.

By order of the Board
Metallurgical Corporation of China Ltd.*
Kang Chengye
Joint Company Secretary

Beijing, the PRC
5 February 2013

As at the date of this announcement, the Board of the Company comprises two executive Directors, Mr. Shen Heting and Mr. Guo Wenqing; two non-executive Directors, Mr. Jing Tianliang and Mr. Lin Jinzhen; and five independent non-executive Directors, Mr. Jiang Longsheng, Mr. Wen Keqin, Mr. Liu Li, Mr. Chen Yongkuan and Mr. Cheung Yukming.

* *For identification purpose only*