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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 TRANSFER OF ASSET INCOME RIGHTS

The Company hereby announces that Zhuhai MCC, a wholly-owned subsidiary of China MCC 20, a non-wholly owned subsidiary of the Company, entered into the Asset Income Rights Transfer Contract with Zhuhai Branch of CCB and Zhuhai Dahengqin on 23 December 2013, pursuant to which the asset income rights of RMB5,000 million (equivalent to approximately HK\$6,385 million) of Zhuhai Dahengqin held by Zhuhai MCC under the BT Contract was proposed to be transferred to Zhuhai Branch of CCB. Zhuhai Branch of CCB will launch an “Asset Income Rights Investment Management Plan” (資產收益權投資理財計劃) and will act as a trustee of the management plan.

Since certain applicable percentage ratios are more than 5% but are less than 25%, the transfer of the asset income rights constitutes a discloseable transaction for the Company under Chapter 14 of the Hong Kong Listing Rules, and is subject to the reporting and announcement requirements under the Hong Kong Listing Rules.

INTRODUCTION

The Company hereby announces that Zhuhai MCC, a wholly-owned subsidiary of China MCC 20, a non-wholly owned subsidiary of the Company, entered into the Asset Income Rights Transfer Contract with Zhuhai Branch of CCB and Zhuhai Dahengqin on 23 December 2013, pursuant to which the asset income rights of RMB5,000 million (equivalent to approximately HK\$6,385 million) of Zhuhai Dahengqin held by Zhuhai MCC under the BT Contract was proposed to be transferred to Zhuhai Branch of CCB. Zhuhai Branch of CCB will launch an “Asset Income Rights Investment Management Plan” (資產收益權投資理財計劃) and will act as a trustee of the management plan.

ASSET INCOME RIGHTS TRANSFER CONTRACT

Particulars of the Asset Income Rights Transfer Contract are as follows:

Date:	23 December 2013
Transferor (Party B):	Zhuhai MCC Infrastructure Construction and Investment Co., Ltd. (珠海中冶基礎設施建設投資有限公司)
Transferee (Party A):	Zhuhai Branch of China Construction Bank Corporation
Debtor (Party C):	Zhuhai Dahengqin Investment Co., Ltd. (珠海大橫琴投資有限公司)

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiries, Zhuhai Branch of China Construction Bank Corporation, Zhuhai Dahengqin Investment Co., Ltd. and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

TARGET DEBT, CONSIDERATION AND PAYMENT ARRANGEMENT

The subject matter of the transaction refers to the asset income rights in relation to the repurchase consideration receivable of the BT project construction of RMB5,000 million (equivalent to approximately HK\$6,385 million) of Zhuhai Dahengqin held by Zhuhai MCC. The debtor is Zhuhai Dahengqin. For the two years ended 31 December 2011 and 2012 and the six months ended 30 June 2013, the relevant asset income rights did not contribute any net profits to the Company. As at the date of this announcement, the asset value of the above asset income rights indicated in the balance sheet of the Company was RMB5,000 million (equivalent to approximately HK\$6,385 million).

The Company entered into the Master Agreement of Specific Investment and Construction of Municipal Infrastructure (BT) Project in Hengqin District, Zhuhai (珠海市橫琴區市政基礎設施(BT)項目投資建設總體協議) with Zhuhai Dahengqin in October 2009. On 13 May 2010, the Company and Zhuhai Dahengqin entered into the Contract of Repurchase of Specific Investment and Construction of Municipal Infrastructure (BT) Project in New Hengqin District, Zhuhai (珠海市橫琴新區市政基礎設施(BT)項目投資建設回購合同) and a supplemental agreement thereof (hereafter as “**BT Contract**”). The project was implemented by Zhuhai MCC, a wholly-owned subsidiary of China MCC 20, a non-wholly owned subsidiary of the Company. On 29 October 2010, Zhuhai MCC and the consortium led by Guangdong Branch of Bank of China Limited entered into a “Medium and Long Term Syndicated Loan Contract” (中長期銀團貸款合同) to ensure the financing of the BT Contract. The contract is secured by the repurchase consideration receivable by Zhuhai MCC in respect of the construction of the BT project under the BT Contract. The project was officially started on 28 March 2010 and had its municipal project plan (市政專項規劃) approved in March 2011 with a total construction period of 3 years. In general, nearly 90% of the project has been completed up to date.

The consideration for the transfer of the asset income rights amounts to RMB5,000 million (equivalent to approximately HK\$6,385 million). Such consideration was determined in accordance with the amount of the repurchase consideration of the transferred BT project. Zhuhai Branch of CCB will pay the consideration in cash within two working days after all the conditions precedent are satisfied. The consideration received from the transfer of the asset income rights shall mainly be used to repay bank borrowings and for subsequent construction of the BT project. Zhuhai Dahengqin will pay the interest to Zhuhai Branch of CCB in relation to the above consideration upon completion of the transfer of the asset income rights.

The asset income rights will be transferred to the transferee from Zhuhai MCC at the closing date. The transaction of the asset income rights are subject to, among others, the following conditions precedent:

- (1) the lender to Zhuhai MCC agrees that Zhuhai MCC pay back all the outstanding principal and interest of the loan before maturity, and release the pledge over the repurchase consideration receivable of the construction of the BT project.
- (2) Zhuhai MCC obtains the legal authorization on this transfer and the approval from the decision-making authority of Zhuhai MCC.
- (3) Zhuhai MCC and Zhuhai Dahengqin agree to sign the Agreement on Fund Supervision and Management (《資產監管協議》) with the transferee, pursuant to which both parties agree to open accounts with the transferee for supervision and management of the funds for construction and the repurchase consideration, subject to the supervision and management of the transferee.
- (4) Zhuhai MCC and Zhuhai Dahengqin will pledge the land agreed by both parties to the transferee, and sign relevant agreements to ensure the continuity of the land pledge and that the transferee has priority over the disposal of the money under the said agreements.

Where the repurchase consideration receivable of the BT project transferred from Party B does not meet the refuse-to-accept standards for the repurchase consideration receivable of the BT project, such fraction of the consideration shall be paid by Party C to Party A unconditionally. In the case that the repurchase consideration receivable of the BT project transferred from Party B meet the refuse-to-accept standards of the repurchase consideration receivable of the BT project (subject to the unilateral notice from Party C), Party C is entitled to inform Party B and Party A in writing promptly and Party B shall perform its redemption liability. Where Party B fails to redeem such fraction of the repurchase consideration receivable of the BT project from Party A within 20 business days from the date of such notice, such fraction of the consideration shall still be paid by Party C to Party A unconditionally.

The refuse-to- receive standards for the repurchase consideration receivable of the BT project are as follows:

- (1) pursuant to Party B's undertaking, the repurchase consideration receivable of the BT project corresponding to the asset income rights is not the legally owned and transferable rights of the Party B, or the repurchase consideration receivable has been transferred to the third parties or secured as external guarantee by Party B;
- (2) there are existing flaws, controversies or disputes over the repurchase consideration receivable of the BT project corresponding to the asset income rights before the transfer;
- (3) as agreed under the BT Contract, there is a suspension or refusal of payment by Party C as the part of the project construction finished by Party B as of the closing date, the date which is corresponding to the repurchase consideration of the BT project construction to be transferred under the contract, fails to satisfy quality assessment;
- (4) as agreed under the BT Contract, there is a suspension or refusal of payment by Party C as defects or damages occur in any part of the facilities of the part of the construction project finished by Party B as of the closing date, the date which is corresponding to the repurchase consideration of the BT project construction to be transferred under the contract, and such defects or damages are caused by Party B or any breach of the contract by Party B during the quality warranty period (or the defects liability period).

PURPOSE OF THE TRANSACTION AND ITS IMPACT ON THE COMPANY

The transaction can help the Company to increase the operating cash inflow, to reduce the amounts receivable and the interest-bearing liabilities, as well as to lower the risk of payment collection. The asset income rights are transferred at its book value, and the Company will not record any one-off gain or loss therefore.

The Directors (including independent non-executive Directors) confirm that the transaction terms of the transfer of the asset income rights are fair and reasonable and are in the interest of the shareholders as a whole.

HONG KONG LISTING RULES IMPLICATIONS AND GENERAL INFORMATION

Since certain applicable percentage ratios are more than 5% but are less than 25%, the transfer of the asset income rights constitutes a discloseable transaction for the Company under Chapter 14 of the Hong Kong Listing Rules, and is subject to the reporting and announcement requirements under the Hong Kong Listing Rules.

The Company has core competency in innovation and industrialization of technology and strong construction capabilities in metallurgical engineering. 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.

China Construction Bank Corporation (“CCB”) is legally established and is a legally existing bank. Zhuhai Branch of CCB, the transferee of this transfer, is a branch legally established by CCB and has obtained the legal authorization from CCB to sign the Asset Income Rights Transfer Contract.

Zhuhai Dahengqin is a wholly state-owned enterprise established by Zhuhai Committee of Communist Party of China and Zhuhai Municipal Government for the construction and development of the New Hengqin District, and serves as the management institution for the investment and construction of the New Hengqin District.

DEFINITIONS

- “Board” means the board of directors of the Company;
- “BT Contract” means the Contract of Repurchase of Specific Investment and Construction of Municipal Infrastructure (BT) Project in New Hengqin District, Zhuhai (《珠海市橫琴新區市政基礎設施(BT)項目投資建設回購合同》) and its supplemental agreement entered into between Metallurgical Corporation of China Ltd.* and Party C on 13 May 2010;

“Zhuhai Branch of CCB”	means Zhuhai Branch of China Construction Bank Corporation;
“China MCC 20”	means China MCC 20 Group Co., Ltd., a non-wholly owned subsidiary of the Company;
“Company”	means Metallurgical Corporation of China Ltd.*, 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;
“HK\$”	means Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	means Hong Kong Special Administrative Region of the People’s Republic of China;
“Hong Kong Stock Exchange”	means The Stock Exchange of Hong Kong Limited;
“Hong Kong Listing Rules”	means the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange;
“PRC”	means the People’s Republic of China, and for the purposes of this announcement, 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;

“Zhuhai Dahengqin” means Zhuhai Dahengqin Investment Co., Ltd.* (珠海大橫琴投資有限公司); and

“Zhuhai MCC” means Zhuhai MCC Infrastructure Construction and Investment Co., Ltd.* (珠海中冶基礎設施建設投資有限公司), a wholly-owned subsidiary of China MCC 20.

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

Beijing, the PRC
23 December 2013

As at the date of this announcement, the Board of the Company comprises two executive directors, Mr. Guo Wenqing and Mr. Shen Heting; 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*